Beyond Need & Merit

Strengthening State Grant Programs

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[www.brookings.edu/research/reports/2012/05/08-grants-chingos-whitehurst]
What Makes for Good Policy Research

1. Relevance

2. Evidence & Quality of Analysis

3. Support for *Change* (unless the status quo is defensible)
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Relevance: Why This Policy Research: *Beyond Need & Merit*

- **Circumstances**
  - Affordability at risk because of cost increases
    - Tuition increasing
    - State support constrained
  - Income stagnant or falling for most at-risk populations
  - Size of most at-risk populations increasing
Figure 3.11. Public High School Graduates in the Midwest by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

Figure 3.13. Public High School Graduates in the Northeast by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

WICHE Projections of High School Grads

Figure 3.9. Public High School Graduates in the West by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

Figure 3.15. Public High School Graduates in the South by Race/Ethnicity 1993-94 to 2004-05 (Actual), 2005-06 to 2021-22 (Projected)

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Relevance: Why This Policy Research: Beyond Need & Merit

- State Financial Aid As A Response
  - More important than ever
  - No “One Best Plan”
  - “One Common Goal” - increased educational attainment
  - But lots of room for improvements in effectiveness
  - Resource constraints can’t be ignored
Evidence Basis: *The Methodology for Doing This Policy Research*

- **Accumulation of Data**
  - Reliance on existing research (literature review)
  - Utilization of NASSGAP, NCES, and College Board
- Appendices should be very useful to the research community
Evidence Basis: *The Methodology for Doing This Policy Research*

- **Core Researchers:**
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  - Matthew Chingos, Fellow in Governance Studies and Research Director of the Brown Center on Education Policy, Brookings Institutions.
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Why this theme:  **Beyond Need & Merit**
- The goal is access to success
- The current dichotomy between need and merit doesn’t support the success agenda

*Three Recommendations*
*And*
*The Basis for Making Them*
Recommendation 1: States should focus resources on students whose chances of enrolling and succeeding in college will be most improved by the receipt of state support.

- Findings:
  - States vary greatly on whom and how they finance
    - Low tuition/low aid: Alaska, Utah
    - High tuition/high need-based aid: New Jersey, Minnesota
    - High tuition/high merit-based aid: South Carolina
    - High tuition/low aid: New Hampshire, Michigan
    - Low tuition/high aid (merit aid): Louisiana, West Virginia, Nevada
Recommendation 1: States should focus resources on students whose chances of enrolling and succeeding in college will be most improved by the receipt of state support.

Findings (continued):

- States have increased both need-based and non-need based aid over the years.
  - Share of higher education dollars going to grant aid increased from 4% in 1980-81 to 12% in 2010-2011
  - States tend to focus on one or the other, though some “blend” the two
  - And a lot of states have a plethora of programs
  - Currently 70% need-based (at least in part); 30% non-need based

Summary: Programs reflect

- Legitimate differences in state circumstances
- And a lot of well-intentioned but poorly designed programs
Recommendation 1: States should focus resources on students whose chances of enrolling and succeeding in college will be most improved by the receipt of state support.

- Basis for Recommendation 1
  - Research is clear -- Low-income students are most sensitive to price of college
  - Recent tuition increases may be affecting success of middle-income, as well.
  - TARGETING financial aid can address both (eg: Minnesota’s program)
  - Must be sufficient to break the barrier of financial access
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  - Research is clear -- Low-income students are most sensitive to price of college
  - Recent tuition increases may be affecting success of middle-income, as well.
  - TARGETING financial aid can address both (eg: Minnesota’s program)
  - Must be sufficient to break the barrier of financial access, in combination with others
    - Suggests not only targeting, but intentional.smart partnership (beware of unaffordable liaisons)
    - Don’t ignore institutional aid – larger amount and less targeted than state need-based aid
Recommendation 1: States should focus resources on students whose chances of enrolling and succeeding in college will be most improved by the receipt of state support.

Essence of Recommendation 1:
- Target where it makes the desired difference

Special Note: Don’t ignore non-traditional students
- Older students must be part of the equation on the completion agenda
  - 40 million with some college; no degree
- But serving them may require a different approach/rationale/program than serving traditional age students
Recommendation 2: Consolidate and simplify programs in order to make them easily understood by prospective college students and their families.

Findings:
- System is too complicated
  - Applications too complicated
  - Not predictive enough
- Conundrum -- simplification can conflict with goal of targeting
- Research supports simplification to enhance program efficacy
  - Feds doing so (FAFSA simplification & IRS connect)
  - States – not so much
    - College Board study shows it is possible
    - “Just Do It”
    - Still no “one best solution” – depends on income distribution.
Recommendation 2: *Consolidate and simplify programs in order to make them easily understood by prospective college students and their families.*

**Basis for Recommendation:**
- Programs can be well-targeted and still be simple
  - A simple income or benchmarked look up table
  - Beware of oversimplification
    - Can create a cliff effect
    - Can tie you to an uncontrollable event
- Consolidation of programs can improve efficacy and sustainability
- Good programs include good communication and transparency
  - States need a net-price indicator
    - That discriminates on important student characteristics
    - And that provides institutional comparisons
Recommendation 2: Consolidate and simplify programs in order to make them easily understood by prospective college students and their families.

Essence of Recommendation 2:

- Consolidate
- Get Smart
Recommendation 3: *Design programs so that they not only help students gain access to college but also encourage success after they arrive.*

Findings:

- All grant programs embody incentives; those incentives must be designed carefully to encourage success, not failure.

- Most state programs with academic success components today look backwards rather than forward.

Result:

- Cost ineffective – benefits those who would succeed without student aid
- Exclusion of most at risk
- No incentive for college success, per se.
- Need is for college grads – not superstars
Recommendation 3: Design programs so that they not only help students gain access to college but also encourage success after they arrive.

Findings:

- State postsecondary policy is increasingly focused on both access & success
  - The logic:
    - States need more college graduates
    - Students that don’t progress don’t graduate
    - It’s that simple
  - Programs not aligned will not thrive
Recommendation 3: *Design programs so that they not only help students gain access to college but also encourage success after they arrive.*

- **Basis for Recommendation:**
  - Current “satisfactory progress” not adequate
    - Lacks both content and face validity
  - Programs that blend need and merit make a difference
    - Early intervention experience
      - Oklahoma OLAP/Promise
      - 21st Century Scholars
    - State Need-based Program efforts
      - Minnesota – 15 hours for full-time
      - MDRC experiments
        - Massachusetts Pilot
      - Need for “redemption” -- kick out provisions impeding progression.
Recommendation 3: *Design programs so that they not only help students gain access to college but also encourage success after they arrive.*

- Essence of Recommendation 3:
  - Support Student Success
Rationing when full funding is not available.

What not to do (which is what we mostly do):

- Increase academic requirements
  - Dilemma: eliminates those most in need of financial resources
- Impose first-come/first-serve or cut-off dates.
  - Dilemma: eliminates those most likely to apply late, which particularly disadvantages students attending community colleges
Rationing when full funding is not available.

Better ideas

- Increase expected family contribution by percentage necessary to live within financial constraint.
  - Advantage: protects the disadvantaged students the most
- In a program with progressive benefits, cut all students by an equal amount
  - Advantage: still protects the most disadvantaged; eliminating those with the least amount of aid.
  - Perceived as “fair” by all.
Confronting Budgetary Challenges

In the Spirit of *A Crisis Is A Terrible Thing To Waste*

- Consolidate and simplify programs
- Rethink and evaluate (on evidence) all programs
- Think of the interrelationships between state policy – Appropriations, Tuition, and Financial Aid (ATFA)
Financial Aid should be designed to use taxpayer dollars as effectively as possible to achieve the State’s objective – which is to increase educational opportunity and attainment.

And, the historic dichotomy between “need-based” and “merit-based” aid is no longer constructive.
Concluding Comments

RECOMMENDATIONS

Target
Consolidate
Support Success