Rethinking Financial Aid in Idaho

Assuring Access
Ensuring Effort

Idaho Scholarship Committee Meeting
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The Three “I”s for Idaho Financial Aid

Integration
Intentionality
Idahoan
Integration

Integrated Finance Policies – ATFA
- Appropriations
- Tuition
- Financial Aid

Thoughtful Partnerships
- Idaho and Federal Policy
- Idaho and its institutions
- Idaho and its private sector partners
  - Philanthropy
  - Businesses
Intentionality

Tied to state Goals

- 60% **Attainment**
  - Providing Access
  - Incentivizing completion

Based on Evidence Rather Than Hunches

Logical connection between ideas and known effects

Knowledge through transparency is key
Idahoan

Recognizes the culture and traditions of the State
- Frugality
- College not universally accepted as a value

Fits the size of the state
- Simple system can work with simple administrative structure
- In fact, more complexity means less effectiveness in Idaho
Beyond Need & Merit
Strengthening State Grant Programs

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:**

- Financial Aid Makes A Difference in Participation:
  - In *Whether* students go – For Low-Income Students
  - In *Where* students go – Many more students
    - Net price trumps Gross Price
    - But perceived price trumps all
    - Ergo, transparency is mighty important
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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  - 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
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
- Research supports simplification to enhance program efficacy
  - Feds doing so (FAFSA simplification & IRS connect)
  - States – not so much
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
    - Can quickly become out-dated

- Consolidation of programs can improve efficacy and sustainability

- Good programs include good communication and transparency
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/Be Intentional
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
  - Design 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.
- We need regular folks graduating; superstars already do!
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
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
      - Oregon/Idaho – Shared Responsibility
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
Confronting Budgetary Challenges

Rationing when full funding is not available.

Better ideas

- Increase expected family contribution by percentage
  - 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.

- Ration on desired success indicators – full-time, core curriculum, etc.
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