
Boulder, CO — A comprehensive framework for redesigning state financial aid programs has been proposed in a concept paper from the Western Interstate Commission for Higher Education (WICHE). The report, which was one among many commissioned by Lumina Foundation to consider comprehensive financial aid reform, makes a series of proposals to align governmental and institutional policies and leverage financial resources to promote the greatest possible access, affordability, and eventual success in attaining higher education.

The functional, yet practical, framework for a Shared Responsibility Model (SRM) represents a forward-thinking partnership of states, the federal government, colleges and universities, and students and their families designed to meet the financial requirements of those who are seeking higher education and accelerate progress toward state and national educational attainment goals.

Since much of the variation in how higher education is financed results from state policies, states are viewed as “in the driver’s seat to foster better alignment” of the available resources, according to the WICHE report, “States in the Driver’s Seat: Leveraging State Aid to Align Policies and Promote Access, Success, and Affordability.”

Co-authors Brian T. Prescott and David A. Longanecker of WICHE argue that state-level grant aid programs are well suited to align the components of appropriations, tuition, and financial aid among the key partners – the students, their families, the federal government, the state, and the institutions. And keeping educational affordability as an ongoing target could lead to curbing the recent, startling increases in tuition as states and institutions compete for enrollment.

“If states truly want to provide a just and economically vibrant society, they must begin driving financial aid policy, just as much as they drive institutional appropriations and tuition policy,” said David A. Longanecker, WICHE’s president. “This paper presents a way of doing so, but within the context of the ‘new normal’ financial circumstances of the twenty-first century.”
While most states make need-based grant aid available in some fashion, only about a dozen have made a substantial commitment to these programs. Approaches vary considerably in how states award need-based grants, but only three — Minnesota, Oregon, and Idaho — require the use of “a conceptual approach, which we call shared responsibility, that expects all of the partners to contribute what they reasonably can, and by doing so create a financing system that is cost effective, affordable to all partners, and designed explicitly for enhancing student success,” said Longanecker.

Specifically, the WICHE paper sets forth a series of policy proposals that include:

- Adopting a form of SRM as a framework for awarding state financial aid in a way that aligns state policies on appropriations and tuition-setting with financial aid investments, while integrating aid dollars provided by the state with those that come from the federal government or institutions.
- Making explicit the financial contributions required from students, their families, the federal government, the state, and institutions in meeting costs of attendance, and assisting students in meeting their share by creating programs that integrate work experiences for students through co-operative education, paid internships, and work/study programs that support students’ academic goals;
- Offering incentives to students to make progress toward their educational goals as rapidly as possible, such as by linking grant award levels with the number of credits passed during the preceding academic term or year;
- Providing incentives to institutions to focus their own investments on students with the greatest financial need and then to make sure those students can be successful;
- Renewing and reinvigorating a lapsed federal/state partnership, the Leveraging Educational Assistance Partnership (LEAP) program, by setting states in competition with one another over the available federal dollars based on how well students are able to afford their costs of attending college; and,
- Monitoring and evaluating the progress and success of all students to ensure that the state financial aid program is working optimally and that standards and academic quality are maintained.

“In our view, the Shared Responsibility Model benefits all of the parties involved. It enables states to distribute aid strategically and efficiently in light of scarce public funds and encourages students to make progress and succeed,” said Prescott, WICHE’s director of policy research. “It also helps institutions to align their aid programs with public needs and expectations and integrates state policies with federal and institutional policies and practices.”

In advancing and detailing the SRM, the paper describes how a state redesign might be undertaken and incorporates flexibility to accommodate differences in state structures, varying costs among the sectors of higher education, adjusts for unfortunate but sometimes necessary
rationing of financial resources, and anticipates some of unintended consequences that could result from revamped policies.

The complete concept paper by WICHE, “States in the Driver’s Seat: Leveraging State Aid to Align Policies and Promote Access, Success, and Affordability,” is available at www.wiche.edu/pub/stateaid0414.

Contact: Brian Prescott, WICHE Director of Policy Research, 303-541-0255, bprescott@wiche.edu

About WICHE and Lumina Foundation

The Western Interstate Commission for Higher Education (www.wiche.edu) and its 16 members work collaboratively to expand educational access and excellence for all citizens of the West. By promoting innovation, cooperation, resource sharing, and sound public policy among states and institutions, WICHE strengthens higher education’s contributions to the region’s social, economic, and civic life. Our programs—Student Exchange, the WICHE Cooperative for Educational Technologies, Policy Analysis and Research, and Mental Health—are working to find answers to some of the most critical questions facing higher education today. WICHE’s 16 members include Alaska, Arizona, California, Colorado, Hawai‘i, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, and the U.S. Pacific territories and freely associated states (the Commonwealth of the Northern Mariana Islands is the first of the group to participate).

Lumina Foundation (www.luminafoundation.org), an Indianapolis-based private foundation, is committed to enrolling and graduating more students from college—especially 21st century students: low-income students, students of color, first-generation students and adult learners. Lumina’s goal is to increase the percentage of Americans who hold high-quality degrees and credentials to 60 percent by 2025. Lumina pursues this goal in three ways: by identifying and supporting effective practice, through public policy advocacy, and by using our communications and convening power to build public will for change.