Financial aid for today’s students

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New America
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Less than half of students in college fit the mold of the stereotypical student

Characteristics of Dependent and Independent Students, 2011-12

Married or Unmarried Independents with Children (28%)
(58%)

Unmarried Independents Without Children (6%)
(65%)

Unmarried Independents with No Children (18%)
(39%) (39%)

Dependents (49%)

Source: New America analysis of National Postsecondary Student Aid Study 2011-12.
Today’s students are very different

Characteristics of Dependent and Independent Students, 2011-12

<table>
<thead>
<tr>
<th>Dependency</th>
<th>% of Students</th>
<th>% Attending Less-than Full-Time</th>
<th>% Over 30</th>
<th>% Female</th>
<th>% Black or Hispanic</th>
<th>Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent</td>
<td>49</td>
<td>39</td>
<td>0</td>
<td>53</td>
<td>28</td>
<td>$65,469</td>
</tr>
<tr>
<td>Independent, No Children, Unmarried</td>
<td>18</td>
<td>59</td>
<td>33</td>
<td>48</td>
<td>33</td>
<td>$12,149</td>
</tr>
<tr>
<td>Independent without Children, Married/Separated</td>
<td>6</td>
<td>65</td>
<td>51</td>
<td>58</td>
<td>24</td>
<td>$40,310</td>
</tr>
<tr>
<td>Independent with Children, Married or Unmarried</td>
<td>28</td>
<td>58</td>
<td>60</td>
<td>70</td>
<td>41</td>
<td>$23,807</td>
</tr>
</tbody>
</table>

Source: NPSAS 2011:12

Success rates are not great

Table 2. Attainment Status of Students, By Dependency Category, 2003-2009, %

<table>
<thead>
<tr>
<th></th>
<th>Attained a Certificate, Associate Degree or Bachelor’s Degree</th>
<th>No Degree, Still Enrolled</th>
<th>No Degree, Left Without Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>49</td>
<td>15</td>
<td>36</td>
</tr>
<tr>
<td>Dependent</td>
<td>56</td>
<td>15</td>
<td>29</td>
</tr>
<tr>
<td>First Entered College Between the Ages of 20 and 23</td>
<td>36</td>
<td>18</td>
<td>46</td>
</tr>
<tr>
<td>All Independent</td>
<td>33</td>
<td>15</td>
<td>52</td>
</tr>
<tr>
<td>Independent, no Children Unmarried</td>
<td>33</td>
<td>16</td>
<td>51</td>
</tr>
<tr>
<td>Independent, no Children, Married/Separated</td>
<td>37</td>
<td>12</td>
<td>52</td>
</tr>
<tr>
<td>Independents with Children, Married or Unmarried</td>
<td>33</td>
<td>15</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: New America analysis of Beginning Postsecondary Student Study 2003:09
Federal Student Aid and Institutions Need to Catch Up.

http://www.edcentral.org/breaking-tradition/
Three main challenges

1. Finances
2. Time
3. Academic Preparedness

What needs to change?

- Federal Government
  - Set expectations
  - Make aid easier to receive and keep
  - Experimentation and flexibility
- Institutions
  - Greater structure
- Students and institutions
  - Encourage momentum
The Pell Grant isn’t what it used to be

Maximum Pell Grant as % of Cost of Attendance, 1979-80 to 2013-14

Most Pell students borrow and most borrowers are Pell students

Pell Borrowing Rate

Non-Pell Borrowing Rate

% of Borrowers

Source: U.S. Department of Education, National Postsecondary Student Aid Study 2011-12
The shared responsibility for college affordability is broken

State investment is being placed by tuition revenue

Source: State Higher Education Executive Officers Association, FY13 SHEF Report
### States divest because they can

- Federal aid is only about the dollar benefit
- No expectations or requirements for what the dollars buy
- Unique among federal education programs

### Pell should be about purchasing power

- Set expectations for what the maximum grant should buy students
- States need a formal role
### Financial aid should be simpler to apply for and maintain

- Multi-year income
- Lock in FAFSA for multiple years

### Experiment

- Small-dollar emergency fund
- Pell “bonus” for momentum points
- Competency-based remediation
Sometimes choice can be too much

- Complete College America: 30% of excess credits come from poor student choices
- Sorting through course guide can be daunting

Focus on options, not choices

- Option: help students make big decisions, work out smaller details for them
- Range of structure
- Florida State—Guided pathways to success
  - Select area of interest or major
  - Get list of courses and milestones for each term to graduate on time
- Tennessee Technology Centers
  - Choose program, enroll full-time
  - Courses meet at same time—no choosing classes
  - Embedded remediation
## Degree plans

- Lay out path for entering students
- Bring advisers to students
- Guarantee course availability
- At least core requirements

## Encourage, but don’t require 15 credits

- Momentum matters
- Ex. Flat tuition above 12 credits
  - Northern Michigan one price 12-18
  - Univ. of Texas Arlington same thing
- UTEP surveys students on work hours, transportation, GPA to recommend higher course load
<table>
<thead>
<tr>
<th>What about Congress?</th>
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<tbody>
<tr>
<td>• Started Higher Education Act reauthorization process</td>
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<tr>
<td>• Big changes in 2015:</td>
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<tr>
<td>– New Democratic leaders of Senate and House education committee</td>
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<tr>
<td>– Possible change in Senate control</td>
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<table>
<thead>
<tr>
<th>3 major proposals</th>
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<tr>
<td>• Harkin full draft</td>
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<tr>
<td>• Alexander-Bennet FAST Act</td>
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<td>• House Republicans Blueprint</td>
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</table>
Areas of agreement

• Use older income for FAFSA (prior prior)

• More information/transparency

• Greater flexibility for Pell Grant
  – Senate: Year-round
  – House: “Flex Account”

Harkin Draft

• Restore Pell for non-HS graduates

• Change student aid rules
  – End origination fees
  – Increase income protection allowance

• Competency-based demonstration program

• State matching grant and competitive programs
Alexander-Bennet FAST Act

- 2 Question FAFSA—family size & income
- One loan
  - higher limits for dependent, lower for independent
  - 2 repayment plans: 10-year or income-based
- One grant
  - End SEOG

House Republicans

- Pell entrance counseling
- Same grant, loan, and repayment ideas as Alexander-Bennet
- Expand work-study
Cost will be a challenge

- Need more money for Pell in FY2017
- New money will be hard to find
- Covering costs will be ugly:
  - End subsidized loans
  - 15 credits

Questions?

Read more:
http://www.edcentral.org/breaking-tradition/

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