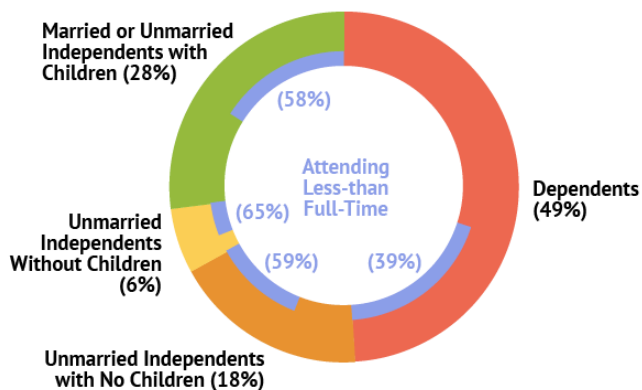


Financial aid for today's students

Ben Miller
New America
October 17, 2014

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

Characteristics of Dependent and Independent Students, 2011-12



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

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

Source: NPSAS 2011:12

3

Success rates are not great

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

	Attained a Certificate, Associate Degree or Bachelor's Degree	No Degree, Still Enrolled	No Degree, Left Without Return
Total	49	15	36
Dependent	56	15	29
First Entered College Between the Ages of 20 and 25	36	18	46
All Independent	33	15	52
Independent, no Children Unmarried	33	16	51
Independent, no Children, Married/ Separated	37	12	52
Independents with Children, Married or Unmarried	33	15	52

Source: New America analysis of Beginning Postsecondary Student Study 2003:09

4

Federal Student Aid and Institutions
Need to Catch Up.

5



<http://www.edcentral.org/breaking-tradition/>

6

Three main challenges

1. Finances
2. Time
3. Academic Preparedness

7

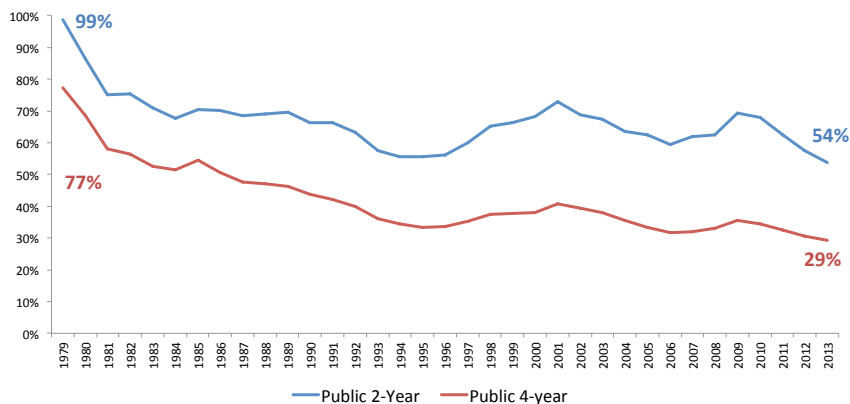
What needs to change?

- Federal Government
 - Set expectations
 - Make aid easier to receive and keep
 - Experimentation and flexibility
- Institutions
 - Greater structure
- Students and institutions
 - Encourage momentum

8

The Pell Grant isn't what it used to be

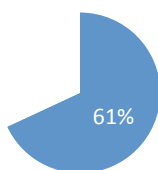
Maximum Pell Grant as % of Cost of Attendance, 1979-80 to 2013-14



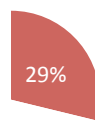
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Most Pell students borrow and most borrowers are Pell students

Pell Borrowing Rate

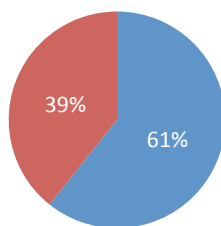


Non-Pell Borrowing Rate



In 2011-12...
■ Received Pell
■ Did Not Receive Pell

% of Borrowers



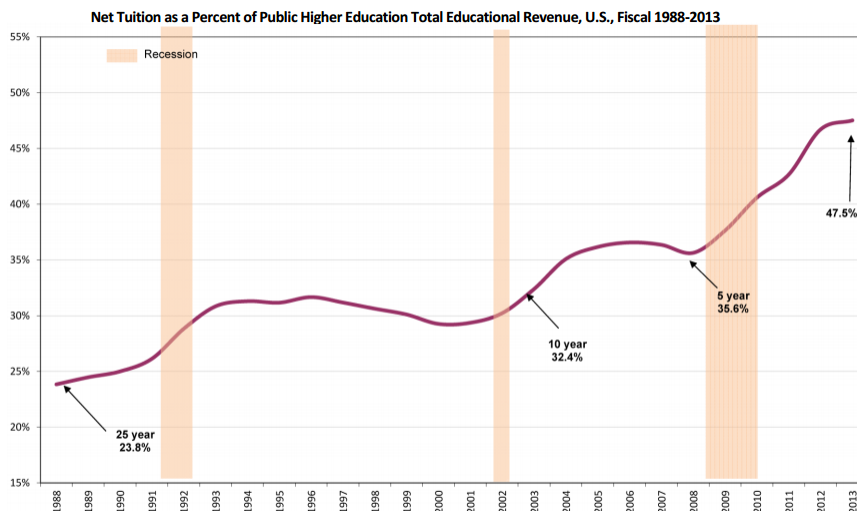
Source: U.S. Department of Education, National Postsecondary Student Aid Study 2011-12

10

The shared responsibility for college affordability is broken

11

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

13

Pell should be about purchasing power

- Set expectations for what the maximum grant should buy students
- States need a formal role

14

Financial aid should be simpler to apply
for and maintain

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

15

Experiment

- Small-dollar emergency fund
- Pell “bonus” for momentum points
- Competency-based remediation

16

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

17

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

18

Degree plans

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

19

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

20

What about Congress?

- Started Higher Education Act reauthorization process
- Big changes in 2015:
 - New Democratic leaders of Senate and House education committee
 - Possible change in Senate control

21

3 major proposals

- Harkin full draft
- Alexander-Bennet FAST Act
- House Republicans Blueprint

22

Areas of agreement

- Use older income for FAFSA (prior prior)
- More information/transparency
- Greater flexibility for Pell Grant
 - Senate: Year-round
 - House: “Flex Account”

23

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

24

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

25

House Republicans

- Pell entrance counseling
- Same grant, loan, and repayment ideas as Alexander-Bennet
- Expand work-study

26

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

27

Questions?

Read more:

<http://www.edcentral.org/breaking-tradition/>

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28