The National Landscape of Financial Aid Policies: A Road Map for Adults

Working Poor Families Project Policy Academy

June 7, 2012
Policy Academy Goals

• To understand the current context of financial aid with a focus on adult students.

• To learn about a variety of resources, strategies and tactics that can be used in our home states.
Women Employed mobilizes people and organizations to expand educational opportunities for America’s working women.

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Riding the Wave: The Ups and Downs of Financial Aid
Why Higher Education Is Important to Women

A woman with a Bachelor’s Degree earns 86% more than one with a high-school education.

That’s the difference between earning:

- $22,468 with a HS diploma only
- $30,556 with a 2-year Assoc. Degree
- $41,790 with a Bachelor’s Degree
Adults in Higher Education

More than 50% of all postsecondary students are independent adults.

Over 50% attend college less than full-time.

Nearly 40% work part-time.

27% are parents.

The majority of “non-traditional students” are female and attend community colleges.
We have an urgent need to improve adult transitions into college.

By 2020, 67% of jobs will require a college degree or certificate.

3 million Illinois adults don’t have education beyond high-school.

Of 100 future jobs, 24 will go unfilled.

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The State Financial Aid Context

• Higher enrollment
• State funding cuts
• Rising tuition
• Merit aid replacing need-based aid
• Rising loans

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Breaking from Tradition
Raising the Roof
Grassroots Mobilizing
Enrollment Increased

From 2000-09 enrollment by students under 25 rose 27%

Enrollment by students over 25 rose 43%

Source: NCES Fast Facts

In 2009, 36 of every 100 undergrads were students of color, a 20% increase from 2000, and a 71% percent increase since 1990.

Source: The Great Cost Shift, Demos 2012

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Higher Ed Spending Is Lower in Every Measure!

- States are cutting discretionary programs
- Funding does not rise with economic recovery

Percentage of total state general fund expenditures:

1990 14.1%  2011 11.5%

Higher education funding is based on Full-Time Equivalency students, but funding isn’t keeping up.

Public support per FTE fell by 22.2%

Source: The Great Cost Shift, Demos 2012
The Enrollment/State Funding Seesaw

Increase in Young Adults
+ Increase in Returning Adults
- State Funding

= Higher Tuition and Fees
Rising Tuition and Fees

Tuition and fees rose in all states

Between 1990 and 2010:

Public 4-year tuition and fees rose by 112.5%

Public 2-year tuition and fees rose by 71%

Published 4-year cost: $17,131
After Grants and Tax Credits: $11,380

Published 2-year cost: $10,373
After Grants and Tax Credits: $6,600

Source: College Board, Trends in College Pricing, 2011
Actual Cost to Families

• Tuition and fees increased in every state
• 2000-2010 erased all income gains by the bottom 40% of families.

Tuition and Fees + Living Expenses

2 year college-- **25.7%** of median household income

4 year university-- **30.4%** of median household income
Trends in State Financial Aid

• States increased aid—grants and loans tripled!
• Increase in loans—1/2 of national aid = loans
• Move away from need-based aid to merit aid
• Half of aid is merit based in:
  – SD, GA, LA, MS, SC, TN, FL, NM, NV, ID
• Need-based aid was 90% of state aid in:
  – Ca, IL, IA, NH, PA, RI, VT, WI, WY
  
  72.6% of state aid is need-based
Rising Tide of Student Debt

Student debt has risen by **450%** since 1999

2011 student debt: **$541 billion**

Source: Federal Reserve Bank of New York

Student debt now outranks credit card debt nationally

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Student Reliance on Loans Has Grown

Percentage of Public Institution Students with Stafford Loans

<table>
<thead>
<tr>
<th>Year</th>
<th>2 year</th>
<th>4 year</th>
<th>Ave Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>11.7</td>
<td>28.5</td>
<td>$5,600</td>
</tr>
<tr>
<td>2007-08</td>
<td>23.8</td>
<td>52.6</td>
<td>$11,100</td>
</tr>
</tbody>
</table>

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State by State Overview

- California, New York, and Texas are top 3 in total higher education funding.
- Wyoming-- most higher education funding per young adult, per $1,000 in wealth, and is second by FTE.
- North Carolina-- most support of any large state on all four measures.
- Connecticut-- most support per FTE student.
Increasing Financial Aid and Maintaining Funding

Some states have increased:

- Amount of total aid
- Percentage of need-based aid
- Amount per FTE student

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Percentage Point Change in Need-Based Aid

-20  0  20  40  60  80

AR  CA  CO  CT  DC  GA  IL  IN  KY  ME  MD  MA  MI  MS  NE  NJ  NM  NY  NC  OH  TX  WA  WI

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Potential Sources of State Aid:

- General Revenue Funds
- Lottery
- Institutional sources
- Federal matching funds (SLEAP and LEAP)
- Special taxes
- Trust funds
- Bonding
- Settlements
- Tax credits
Current Work in Georgia
Current Work in Colorado
Examples from Other State Partners

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Pell Grant Changes Before 2012

- Elimination of year round grants
- Lower maximum income for automatic zero EFC
- Reduction in the maximum number of semesters
- Elimination of students receiving 10% of the maximum award
- Elimination of Ability to Benefit students

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Pell Grant Changes – 2012

• Caps the maximum income for eligibility
• Excludes less-than-half-time students
• Eliminates the automatic increases in the maximum award above $5,550
• Abolishes the mandatory funding

PELL IS IN DANGER. SPREAD THE WORD.

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Breaking from Tradition: Key Issues Facing Adult Students and Policies that Make a Difference
This session will:

• Identify key financial aid issues facing adult students
• Examine what you can do in your state to help adult students access and maintain financial aid
• Present possible opposition arguments you may encounter
• Help you recognize questions you need to answer to start implementing adult-friendly policies in your state

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Key Issues for Adults

- Ability to Benefit provisions
- Application deadlines
- Enrollment status
- Need determination
- Financial aid for short-term certificates
- Eligibility
- College programs
- Special types of aid
Ability to Benefit Cut

• Passed in December 2011
• Affected about 90,000 students
• Saved $268 million
• Disproportionately affects African-American and Hispanic students

College X

No high school diploma

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It's up to us.
Ability to Benefit Cut

Implications

• Undermines innovative adult education programs
• Sets back the completion agenda
• Impacts state grant programs that use federal Pell guidelines to determine eligibility for state grants
• Removes all access to need-based financial aid in states with programs that require a diploma or GED

How Need Is Determined

- Federal Methodology: 68.6%
- Modified Federal Methodology: 17.6%
- Special State Systems: 9.8%
- Other: 3.9%
What Can You Do?

• Decouple your state grants from federal eligibility requirements
• Encourage your state to allow students without GED to diploma to access financial aid
• Set aside state financial aid for students previously covered by AtB provisions

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Unpredictable Financial Aid

• When there is not enough money to fully serve all students, states have to make tough decisions
• When money is allocated on a first come, first served basis, adults suffer
• Established financial aid application deadlines are irrelevant
What Can You Do?

• Set aside money for independent students who apply later

• Create comprehensive outreach services to encourage more students to complete the FAFSA

Click Here To Apply!
Enrollment Status

• Many adult students need to take classes on a limited basis
• Financial aid may not be available to students who:
  – Attend part time
  – Attend less than half time
  – Attend classes in the summer
• But time is the enemy of completion
What Can You Do?

- Shorten time to degree for adults with innovative programs
- Encourage colleges to use Prior Learning Assessments
- Advocate for programs that serve students attending part time, less than half time, and throughout the summer
Need Determination

• Often need determination focuses on traditional students
  – Parents’ contributions are often included
  – The living costs appropriate for a single person
  – The costs of caring for others is rarely included
What Can You Do?

• Identify how the financial aid formulas are determined and who is responsible for them

• Take into account the different costs that independent adults are likely to have

• Create different need determinations for students based on dependency status
Financial Aid for Certificates

- Many financial aid programs are not available for students in short-term certificate programs.
- These programs are often critical first steps on a career pathway.
What Can You Do?

- Promote stackable certificates in your state and nationally
- Encourage funding for all levels of a career pathway

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Eligibility for All

• As states struggle financially, they increasingly look to add merit to need-based aid programs
  – May include:
    ▪ High school GPA
    ▪ Minimum ACT/SAT scores
    ▪ Satisfactory academic progress standards

College X

ACT score = 16

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What Can You Do?

- Make the case that independent students’ past performance is not a good indicator of future success
- Compare success of grant recipients to college students without grant

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What Else Can You Do?

- Use other state models to implement special grant programs that target adults
  - Washington State Opportunity Grants
  - Others?
Contact Information

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Raising the Roof: A Case Study on the Illinois Monetary Award Program (MAP)
Basics of MAP

• Created in 1967
• Grant funding: state General Revenue Funds (GRF) and LEAP funds
• Agency funding: self-funded using a small loan portfolio (until 2013)
Eligibility

- Eligibility is based on income
- Students with an Expected Family Contribution over $9,000 per annum are ineligible
  - This does not preclude many lower middle class students.
- No age limit
- Includes less-than-half-time students, but no longer available for summer study
- Includes credit caps
MAP Formula

- Uses 2003-2004 Tuition and Fees
- Includes a $4,875 living allowance for all applicants regardless of living situation
- Uses 80% of Pell eligibility
- Maximum award is lower of $4,968 or budgeted tuition and fees
- Minimum self-help expectation of $1,800
FY 11 Funds and Usage

- GRF Appropriation: $403,488,700
- Total MAP Grants: $403,295,683
- Recipients: 147,210
- Eligible Non-Recipients: 151,367
- Average Grant: $2,740
Financial Aid Victories in Illinois

• FY 00 Less-than-half-time and summer study
• FY 06 $8 million increase
• FY 07 $34.4 million increase
• FY 10 restored cuts of $205 million
• FY 11 restored cuts; $15.4 million increase
Strategies

• Listening to student voices and sharing via:
  – Thoughtful policy briefs
  – Media
  – Testimony
• Engaging the community college presidents
• Targeting media in key districts
• Creating partnerships with unusual partners
Strategies

• Holding individual meetings with legislators; engaging both sides of the aisle using examples from their districts
  – Identifying the right person to partner with

• Building relationships with Student Assistance Commission staff and commissioners

• Being thoughtful about the right argument and the right timing
Core Communications
Strategy

- Focus on economic investment
- Building the number of voices speaking about this
- Making low-income adults sympathetic
- Using “crisitunities”
- Our voice: balanced, reasonable, and grounded in student needs

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The Legislative Perspective: Former State Representative David Miller
Current Work in New Mexico

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Takeaways

• Be the voice of reason
• Focus on long-term economic investment
• Help make the numbers real to policymakers with student stories
• Make realities of adult students’ situation and how policy can impact completion clear.
• Share specific examples from member districts to engage more conservative members of key committees
• Develop positive, collaborative agency relationships
• Cultivate other partners with alternate perspectives
• Use the media!!
Grass-roots Mobilizing to Advance Financial Aid Policy Goals: Student Advocates for Success (SAS)

Working Poor Families Project Policy Academy Session 4

June 7, 2012
Student Advocates for Success (SAS) is an organizing project of Women Employed that brings together community college students to advocate for increased education funding and financial aid. SAS provides students with resources to tell their unique story, influence policymakers, and improve their lives.
History

- Strength in numbers aimed at wide target
- Shifted to:
  - Optimizing on students as a cohort
  - Developing student leaders as advocates
  - Targeted geographic and committee focused legislators with effective lobbying pressure
Our Voices are Powerful

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It's up to us.
Challenges

• Student turnover each semester/year
• Development of student advocates
• Shifting policy environment
• Balancing input of resources with output of tangible policy gains
• College Administration-school politics, school culture, turnover, varying degrees of buy in
Overcoming Barriers

- Stay connected with individuals and groups
- Advocate cultivation model/training
- Maintain flexibility to change tactics as policy environment inevitably changes
- Consider your resources (staff, organization, political capital) and pick your battles
- Highlight your presence as a valuable resource
Policymaker Interaction

- March for MAP campaign
- SAS Lobby Days
- In-District visits with legislators
The Power of Story Telling

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Achievements

• FY 2010
  – $205 million restored to MAP Grant
• FY 2011
  – Income tax increase from 3% to 5%
• FY 2012
  – $33.5 million increase to MAP funding
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Check out our website for more resources!