



College Affordability & Financial Aid Briefing

Prepared for Washington Student Achievement Council
July 16, 2013



PRESENTED BY
The Institute for Higher Education Policy



About IHEP

Our Vision

The Institute for Higher Education Policy (IHEP) envisions a world where all people—particularly populations who have been underserved—have the opportunity to reach their full potential by participating and succeeding in higher education.

Our Mission

IHEP is committed to improving college access and success in higher education for all students—with a special focus on underserved populations—by providing timely research to inform public policy decisions.





Agenda

The Need for a Roadmap

- National Context
- Washington State Context

Linking the Roadmap to Policy Aims

- College Affordability
- Systemic Higher Education Redesign

Final Thoughts & Considerations



Higher Education in the 21st Century – The Need for a Road Map





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Higher Education in the 21st Century – The Need for a Road Map

- **Global Imperative**
 - Globalized knowledge economy
- **Economic Imperative**
 - Current labor market signals
 - Future workforce readiness
- **Equity Imperative**
 - Growth occurring among racial/ethnic minorities
 - Need to reengage and retrain growing number of adult learners
 - Growing stratification along socioeconomic status



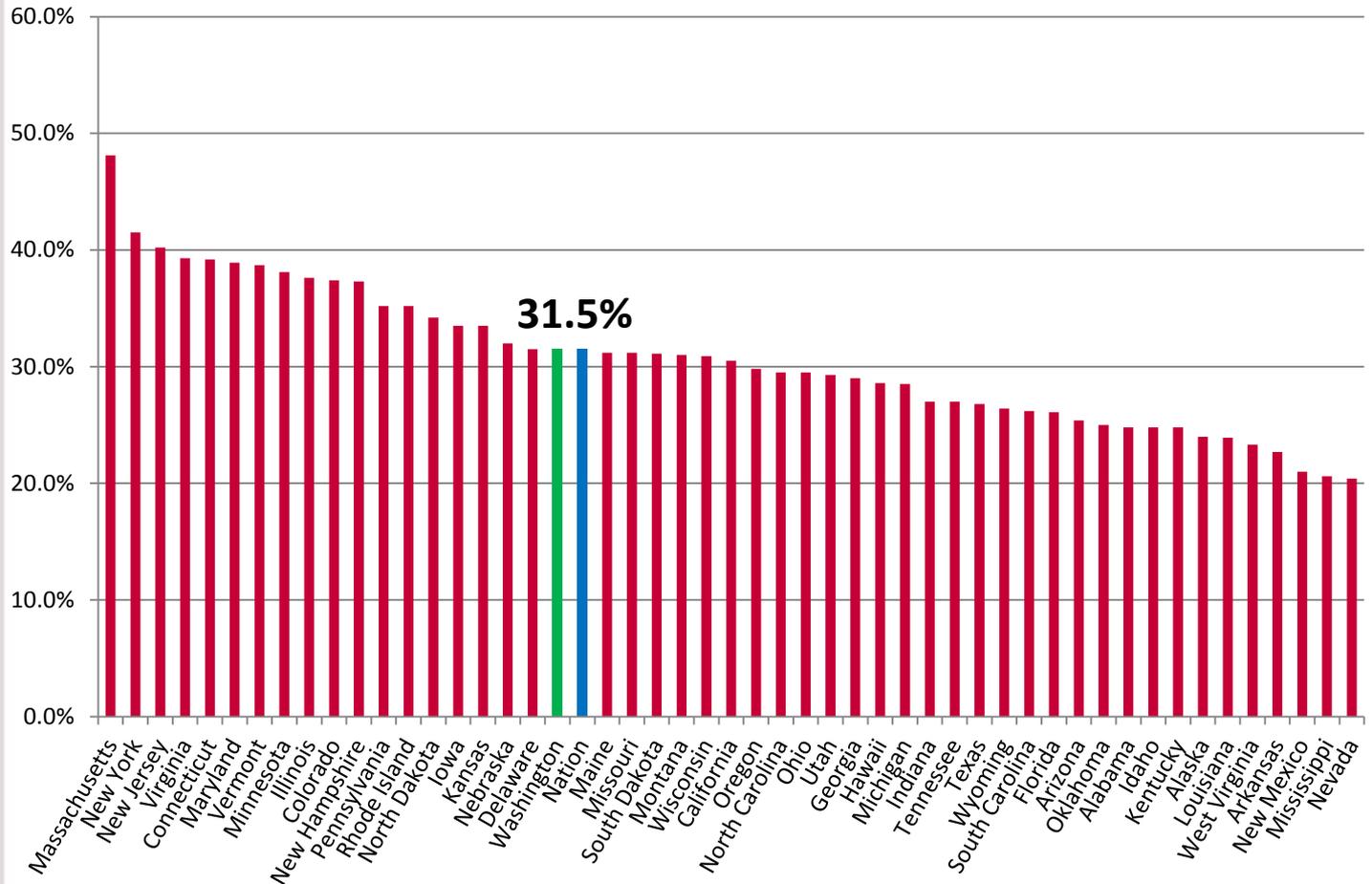
Higher Education in the 21st Century – The Need for a Road Map in Washington





Higher Education in the 21st Century – The Need for a Road Map in Washington

Percent of 25-34 Year Olds with a Bachelor's Degree or Higher, 2011

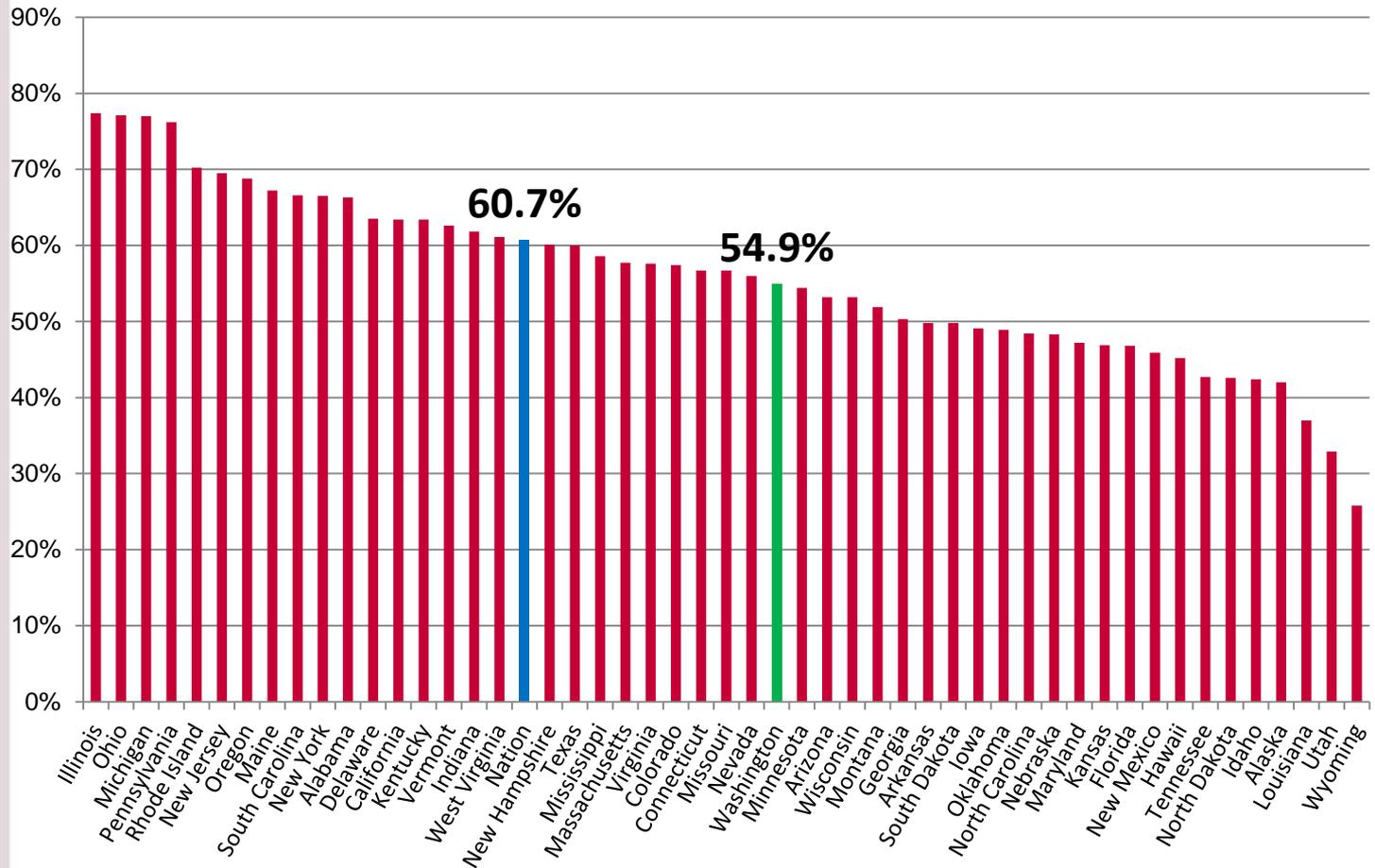


Source: U.S. Census Bureau, ACS Educational Attainment by Degree-Level and Age-Group, American Community Survey



Higher Education in the 21st Century – The Need for a Road Map in Washington

Net Cost as Percent of Median Income, Bottom Quintile (4 Year Colleges)



Source: National Center for Higher Education Management Systems. Percent of Family Income Needed to Pay for Colleges - By Type of Institution, 2013.



Linking the Roadmap to Policy Aims – College Affordability



Critical Questions

- How can the current model of financial aid funding and delivery more efficiently address affordability?
- Are grant dollars allocated to students in a way that maximizes student success?
- How do we address the issues of the current financial aid system, while simultaneously thinking broadly and boldly about systemic redesign for the long term?



Linking the Roadmap to Policy Aims – College Affordability

Increase State Investments in Public Institutions

Recommend Full Funding for the State Need Grant

Target State Need Grant Most Efficiently

Evaluate the Effectiveness of State Student Financial Aid Programs

Invest in State Work Study

Restructure the Former Educational Opportunity Grant

Identify a Savings Incentive Program

Promote Flexible Payment Methods



Linking the Roadmap to Policy Aims – College Affordability

Early and Coordinated Preparation

Enrollment

- Create a system of early financial aid accounts that can leverage savings
- Match family college savings for low-income households through public or employer dollars
- Communicate potential financial aid awards in a statement based on IRS information that allows families to plan for the cost of college

Grant and Loan Delivery

Progression

- Maintain the state financial aid program as need-based
- Coordinate institutional student services and public benefits to financial aid
- Reform SEOG to provide students with emergency aid
- Develop public/private partnerships to increase work-study funding

Completion Incentives

Completion

- Incentivize that institutional spending be maintained on need-based aid for students
- Encourage institutions to provide details about student outcomes related to success and completion
- Encourage institutions to moderate tuition increases

Reducing Debt Burdens

Post Graduate

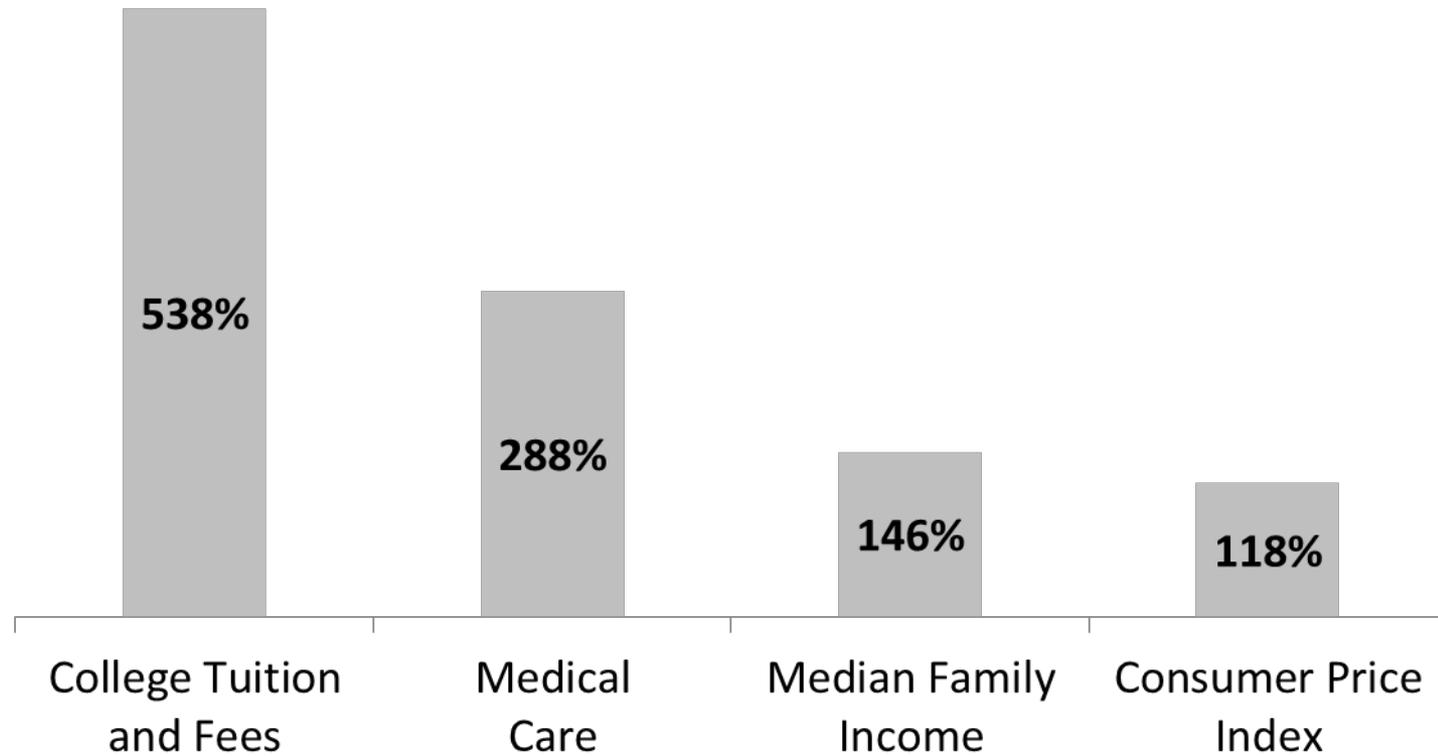
- Inform students about repayment options
- Incentivize pre-tax employer matching for student debt repayment for the first five years after a student has completed college





Linking the Roadmap to Policy Aims – College Affordability

Percent Growth Rate
Current Dollars, 1982-2007





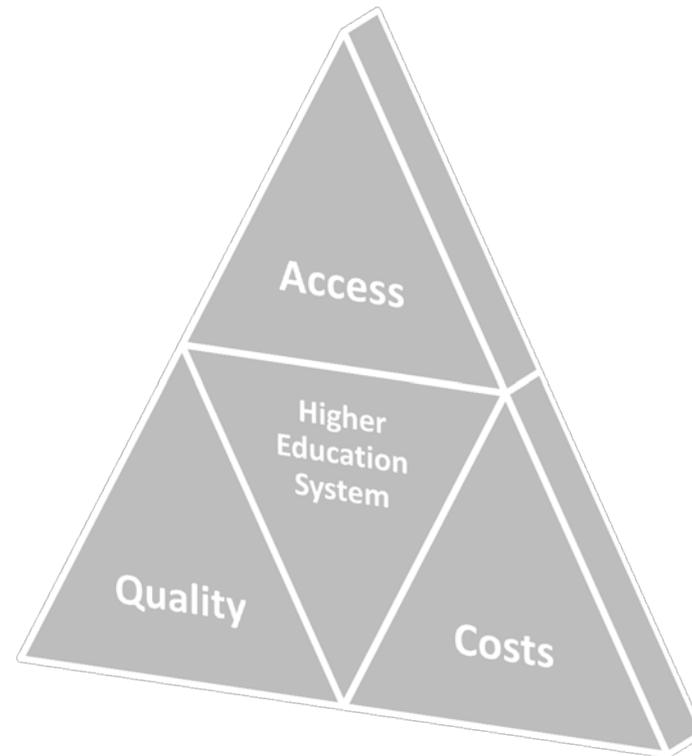
Linking the Roadmap to Policy Aims – College Affordability

| Financial Aid Policy Trade-Offs Checklist | |
|---|---|
| Who is helped or hurt by the proposal? | Low-Income |
| | Non / Post-Traditional |
| | Universal |
| Whose behavior would change? | Students |
| | Institutions |
| | Governments |
| What is the impact on enrollment or completion goals? | Impacts on Enrollment versus Completion |
| | Unintended Consequences |
| How much would it cost? | New Funding Stream |
| | Existing Funding Stream |
| | Repurposed Funding |
| What implementation issues may arise? | Complexity / Communications |
| | Delivery Mechanism |
| | Funding Source |





Linking the Roadmap to Policy Aims – Systemic Higher Education Redesign



- Affordability as a larger part of systemic higher education reform – need for integration not isolation.
- Redesign of financial aid funding and delivery must be a part of a comprehensive and coherent reform agenda – teaching and learning, data quality, and financial aid.



Final Thoughts & Considerations

Recommendation 1: Articulate the foundational questions and guiding principles for the project – ensuring relevance for the 21st century student.

Recommendation 2: Recognize that financial aid system is an integrated system that follows students throughout the educational pipeline.

Recommendation 3: Develop an analytical framework to evaluate financial aid proposals, and where possible minimize the trade-offs and risks for students.

Recommendation 4: Recognize that college affordability is a part of a systemic higher education reform and must be integrated into a broader, comprehensive reform agenda.

Recommendation 5: Do not be afraid to ask the same question – again and again. The answers will probably be different.