

Maine College Affordability & Completion

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August 5, 2014

STRATEGY LABS

State Policy to Increase Higher Education Attainment



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Overview

- Strategy Labs and Lumina's State Policy Agenda
- State goals and priorities as guideposts
- Understanding affordability
- Financial support design principles
- Cross-state research and promising practices

STRATEGY LABS

State Policy to Increase Higher Education Attainment

Lumina's vehicle for higher education system change

Open platform for leaders and influencers in all 50 states to share research and data, encourage peer learning and professional experiences to advance Goal 2025.



**GOAL
2025**

60%

of adults with high quality
degrees or credentials by
the Year 2025

Please note . . .

- Lumina Foundation does not support or oppose any specific legislation. Lumina provides information and resources on a nonpartisan basis to advance Goal 2025.

State Policy Agenda



**Improve Student
Outcomes**



**Align
Investments**



**Create Smarter
Pathways**



Increase Student Outcomes

Set Ambitious Attainment Goal

Adopt Accountability Metrics and Dashboards

Create a Comprehensive Data System to Measure Student Progression and Outcomes

Goals & Priorities as Guideposts

- Ambitious Attainment Goal:
 - Measurable and includes a target date
 - Addresses gaps in attainment across the population
 - Based on analysis of Maine's workforce needs
- Educate Maine: 50% by 2023
- Georgetown Center on Education and the Workforce: estimates 66% workforce need by 2020

Attainment v. Completion

- Attainment Goal = Education levels of entire population
- Completion Goal = Amount of students already enrolled in higher education that successfully complete
- Attainment focuses not only on completing those who enter, but also on engagement, enrollment and completion of students to meet broader needs of the state and its residents
- Increased completions is a key element of increasing attainment levels



Align Investments

Implement Comprehensive Student Financial Aid

Develop Lower Cost Pathways

Encourage and support full-time enrollment and progress

What is affordability?

- Sandy Baum, GWU & Jennifer Ma, College Board
 - *College Affordability: What Is It and How Can We Measure It?*
 - http://www.luminafoundation.org/publications/ideas_summit/College_Affordability-What_Is_It_and_How_Can_We_Measure_It.pdf
- Focus on the student and what they can afford

What makes affordability complicated?

- Affordability looks different even to those in similar financial situations
- Missing information about those that don't enroll
- Difference in expensive v. unaffordable
- Reality v. perceptions in the costs of college
- Net prices and aid program policies impact different income brackets differently

What does it mean for a college to be affordable?

- Defining “unmet need”
 - Gap between the net total cost of attendance and the amount a student is able to spend
 - Issue – those that are enrolled are finding a way to afford it; but we don’t know anything about those not enrolled
- Expensive vs. unaffordable
 - As incomes have lessened or stagnated, budgets are strained
- Uncertain outcomes
 - High unemployment

Affordable for Whom?

- Students, not the parents
- Parents will be a source to subsidize student
- Ability to pay after completion falls to the student

Judging the Price of College

- Consumer Price Index – increased 62% from '93-'13 (in 2013 dollars)
- Published prices increased as follows:
 - 2-year Public = 162%
 - 4-year Public = 251%
 - 4-year Private nonprofit = 173%
- Net prices changed as follows:
 - 2-year Public = -258%
 - 4-year Public = 53%
 - 4-year Private Nonprofit = 22%

Different Income Brackets Experience Costs Differently

- Over time, incomes have increased for all except lower income quintiles
- As aid eligibility remains the same, it overestimates lower income families ability to pay and underestimates upper income families' contributions

Summary

- *“There will never be one answer to how affordable college is or how that affordability is changing. Different educational opportunities come with a wide range of prices and the net prices individual students pay for the same institutions and programs also vary widely. Individuals and families have different preferences and priorities, making college expenses look very different even to students in similar financial circumstances.”*

Moving toward Action

- Financial Support Design Principles
- Cross-state research and promising practices
- Asking:
 - For whom is affordability an issue?
 - What are the goals that Maine seeks to achieve?
 - What are the best levers to incentive students and institutions to achieve these goals?

Keep in mind...

- Largest form of “aid” is direct appropriations to institutions: most students are heavily subsidized
- Pricing/aid strategies can be effective, but aren’t always
- Good overview of academic research by Dynarski and Scott-Clayton: *Financial Aid Policy: Lessons from Research*
<http://www.futureofchildren.org/futureofchildren/publications/journals/article/index.xml?journalid=79&articleid=581>
- No one-size fits all solution, but some general principles can help

Financial Support Principles for Goal 2025

- Make college more affordable for low-income students
- Make college prices more predictable and transparent
- Provide incentives to students and institutions to increase completion and lower prices
- Align federal, state, and institutional policies and programs

STUDENT INCENTIVES AND PRICING: REVENUE-NEUTRAL (OR ALMOST) ALTERNATIVES THAT MAKE A DIFFERENCE IN COMPLETION

	More Effective	Less Effective
<i>Targeted populations</i>	Students who could enroll and graduate, but are at high risk not to. (E.g. WA, KY)	Students who would graduate anyway; students who will not graduate no matter what
<i>Award sizes</i>	Larger number of awards, expects some contribution from student; (E.g. OR*, MN)	Full rides (or more) for smaller numbers of students
<i>Timing of incentive</i>	Immediate, early, relevant to current choices. (E.g. MN, WV, IN)	Distant, related to past choices. E.g. credit limits, excess hours surcharges
<i>Concrete/Abstract</i>	\$100 bills (or checks). (E.g. MDRC Performance-based scholarships)	\$100 tax credits, deductions from bursar bill
<i>Publicity</i>	Programs well publicized and understood. Students know what's available and what is asked of them (HI, KY, IN, OK)	Mysterious requirements and formulas known only to the website gremlins
<i>Purpose</i>	Increase size of pie / number of graduates (RI)	Increase size of slice / keep students in-state
<i>Reward vs. penalty</i>	Incentives, bonuses.	Fines, penalties, consequences (these can work too, but set negative tone)



Create Smarter Pathways

Adopt Guided Pathway

Focus on Transfer Guarantee

Focus on Returning Adults

What Does Maine Need?

- Additional information on ideas above?
- Examples of other states' practices?
- Research on effectiveness?
- Discussion of impacts on different sectors?
- Other questions/issues to be addressed?

Questions, comments, follow-up

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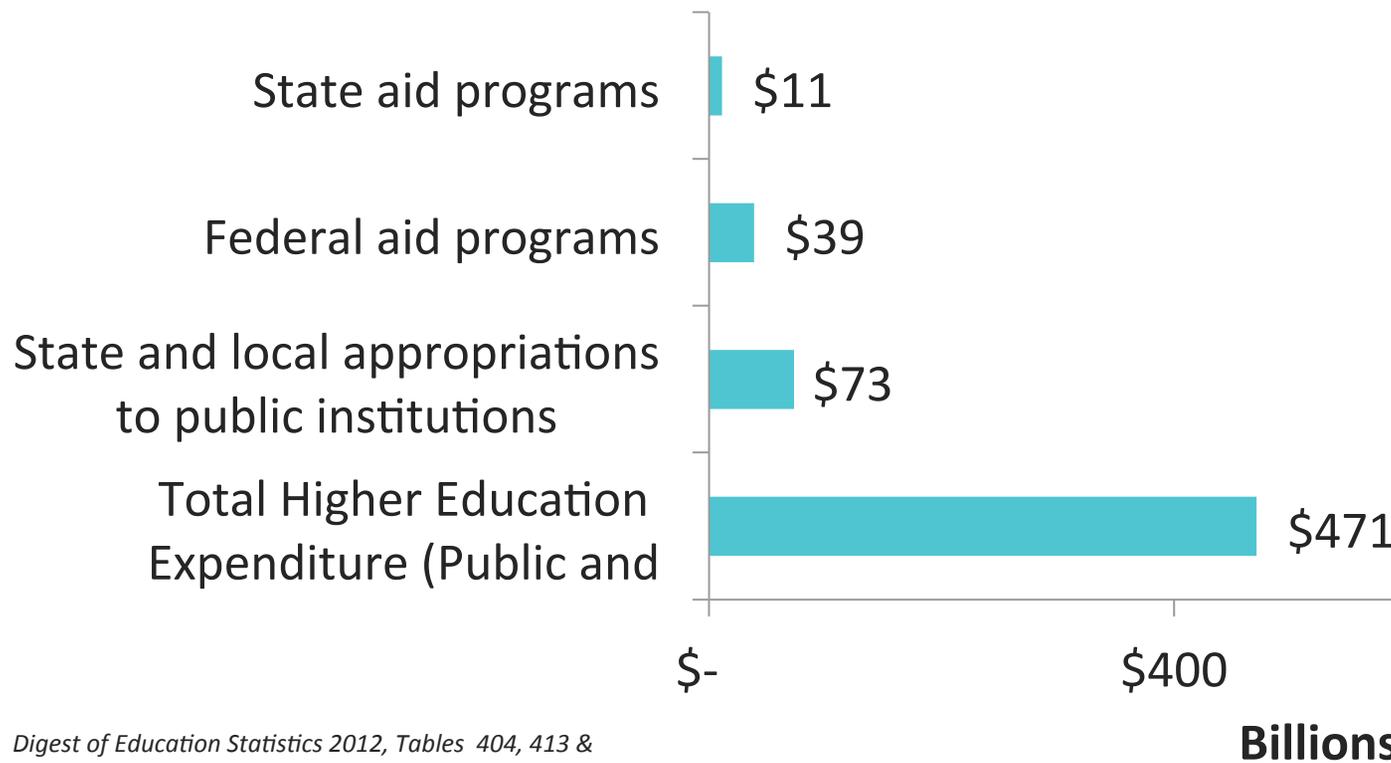
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State Context for Tuition and Aid Policy

- Many policy priorities for aid and affordability
- Attainment/completion agenda is important, but not usually the only consideration
- State aid programs are usually small
- Subsidized tuition is the biggest “aid” program in most states, and tends to go up in recessions.
(See http://strategylabs.luminafoundation.org/wp-content/uploads/2014/02/Financial-Aid-PDF_FINALv2-copy1.pdf)
- Questions like those Maine is asking are common across the country

Why State Aid Programs Must Be Strategic (US)

Student Aid Programs in Context (U.S. - FY 2011)



Source: *Digest of Education Statistics 2012, Tables 404, 413 & 418; NASSGAP Annual Report 2011-12*

Key Issue: Award Amounts

- No theoretical limit at lower end
- Cost of college includes non-tuition expenses (e.g. books, living expenses)
- Large awards to a few students—meeting full need with grants—may have limited ROI if other students are left with big gaps
- Smaller amounts may be most effective when used as incentives

Award Size Examples

- Example of broad-based small award: Rhode Island State Grant Program (max: \$700)

http://www.riheaa.org/sng/sg_prog_detail.php

- Example of narrow award: Maryland Guaranteed Access Program (max: \$19,000)

https://www.mhec.state.md.us/financialaid/ProgramDescriptions/prog_ga.asp

- “Shared Responsibility” model in Minnesota seeks to ensure limited funds are distributed equitably and effectively

<https://www.ohe.state.mn.us/mPg.cfm?pageID=138>

Key Issue: Financial and Academic Eligibility

- Depends on purpose of award
- Goal 2025 lens = maximize impact on educational attainment
- Ideal target population: students whose odds of attainment will be most positively affected by the investment
 - Students who need the money
 - Students academically “on the fence”: not nec. the highest achievers, nor the lowest
- Theoretical ideal must be balanced with practical & political realities

Financial and Academic Eligibility: Examples

- Kentucky Educational Excellence Scholarship (KEES): 2.5 high school GPA threshold

<https://www.kheaa.com/website/kheaa/kees?main=1>

- Cal Grant A: 3.0 high school GPA (most Cal Grant funding is in B awards, which just require 2.0)

<http://www.calgrants.org/index.cfm?navId=11>

- Indiana need-based aid programs: renewal eligibility based on ability to make progress

<http://www.in.gov/sfa/2569.htm>

- **High GPA or test score criteria may leave out populations whose outcomes are most susceptible to positive change**

Key Issue: Predictability and Transparency

- Do students know in advance what to expect and what is expected of them?
- Does state communicate a clear message with its aid program?
- Lack of transparency and predictability reduces the impact of the investment

Predictability and Transparency

Examples

- Kentucky letter to high school student
[Kentucky \(KEES\) program letter](#)
- “Promise” programs like Oklahoma’s make commitment to middle school students
<http://www.okhighered.org/okpromise/about.shtml>
- Cal Grants = entitlement, like Pell
- Low tuition = transparent signal (but often does not include non-tuition costs)

Key Issue: Application Deadlines

- In many states, funds run out because eligibility criteria and award amounts do not match budgets
- “Rationing by deadline” tends to exclude some of the potential high-impact students, favors those with more resources, better-educated parents

Application Deadlines Solutions

- West Virginia need grant: late deadline (mid-April), and holds back part of the aid budget for later/summer applicants
- Minnesota need grant: rolling awards, deadline = 30 days after start of each term
- To work, strategy requires:
 - Accurate technical models to project demand
 - Realistic eligibility criteria and award amounts aligned with budget
 - Statutory / budget flexibility (preferably)

Key Issue: Alignment with Other Support Sources

- Should state programs simply “top up” Pell grants?
- Should aid be given to institutions to allocate?
- What are the unique state policy priorities for aid?
- Potential roles of state:
 - Communication with a unique statewide audience
 - Filling in gaps in Pell program

Alignment / Coordination Examples

- Does not mean “doing the same thing as USDOE”
- Five states make state aid available to undocumented students, who cannot get Pell
- Minnesota fills in other gaps in Pell program
 - Cost of credits between or above Pell thresholds (4-5, 7-8, 10-11, 13-15)
 - Summer attendance
 - Income levels slightly above threshold