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Inaugural Meeting:
Idaho Student Aid
Task-force
Boise, Idaho

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Developing Effective Need-Based Financial Aid Legislation
Financial Aid in Context

How the whole financing TRIAD relates to *ACCESS TO SUCCESS*

- Institutional support – the supply side
  - Assures quality (success)
  - Assures availability (access)
- Tuition – relates to both supply & demand
  - A critical revenue source – supply side support
  - Price – demand side factor
- Financial Aid – the demand side
Financial Aid in Context—(cont.)

- Financial Aid – what we know
  - It matters, but differently for different students
    - On whether students attend, it matters only for low income students.
      - Only exception – Georgia Hope
    - On where students attend, it matters for many more
      - Depends on pricing policies – advertised or discounted pricing strategies
      - Student’s interests more compelling than price
  - It matters by “type of aid”
    - Grant aid impacts whether students attend.
    - Loans and CWS are perceived by students as “enabling” NOT as a price reduction.
      - The reduce the burden, but don’t break down the barriers
Financial Aid in Context—(cont.)

- How does Idaho compare on College Participation
  - Share of students going on to college (*Measuring Up: C- on Participation*)
    Idaho – 45% (down from 47% in 1998)
    WICHE West – 50%
    U.S. – 59%
  - Associate degree production (per 100 H.S. grads)
    Idaho – 22
    WICHE West – 23
    U.S. – 19
  - Baccalaureate degree production (per 100 H.S. grads)
    Idaho – 37
    WICHE West – 44
    U.S. – 48
Financial Aid in Context—(cont.)

- How does Idaho compare on Financial Aid Amounts
  - State Need-based Grant Aid Per FTE Student
    - Idaho: $17
    - WICHE: 299
    - US: 387
    - Washington: 509
  - Institutional Grant Aid Per FTE (Public Institutions Only)
    - Idaho: $811
    - WICHE: 409
    - US: 559
    - Washington: 430
Financial Aid in Context—Why Is This Important to Idaho State Government!

Will Idaho’s Workforce be economically competitive?
Percent of Adults with an Associate or Higher Degree

OECD Countries

Source: Prepared by NCHEMS from Organization of Economic Cooperation and Development, American Community Survey
Differences in College Attainment (Associate and Higher) Between Young and Older Adults—Percent of Adults with College Degrees

Source: Prepared by NCHEMS from U.S. Census Bureau, 2000 Census data
So What Makes For Good Financial Aid Legislation?

Four key factors

1. Clear Goals
2. Clear rationale/philosophy
3. A program that supports the goals & rationale
4. A winning coalition to sell the program
Clear Goals for State Based Financial Aid

- Merit Components Already in Place in Idaho
  - Rewarding Achievement
  - Keeping the Best and Brightest
- Need-based Aid – the current focus
  - Defining who is needy
    1. Is it the very neediest – Pell
    2. Is it low & moderate income – progressive need analysis
    3. Is it who “they” say is needy – the federal methodology
  - Defining who is responsible for how much – students, family, feds, institutions, and state
  - The evolving debate: Need alone, or need & merit combined
  - Choice points: who, how much, and blended or not.
Idaho’s rationale or philosophy for Supporting State Need-based Financial Aid—the Options

- Let the institutions handle it
- A little is better than none
- Integrate financial aid into the whole financing scheme
- More is better and never enough
- Free at last
- Tailored to the State’s Unique Needs & Culture
The key to developing a process that supports the goals and rationale

- Predictability and Transparency
  - Students need to know
  - Institutions need to know
  - Policy makers need to know

- Efficiency
  - Idaho is a frugal state – folks don’t want to waste precious resources

- Ease of administration
  - You will have to create an administrative rubric
  - And, you won’t get a lot of money to do so
  - But, you get what you pay for
Building a Winning Coalition

- Some of the key stakeholders
  - The Board of Education
    - Tradeoffs: Institutional Support or Financial Aid
  - The Legislature
    - Tradeoffs: Pressures from within Higher Education and from every other area of state government.
  - The Governor
  - Higher Education Institutions – does this mean less for them
  - The business community – what does this mean for taxes
  - The financial aid community – experts, implementers, and protectors of the past.
Developing a Rationale for Idaho – Option 1: Let the Institutions handle it

- This is current *Idaho* policy
- How does this stack up on Key Factors?
  - Goals: Their goals become your goals
    - Access focus is not central to Universities “natural” interests
  - Rationale: We trust them to do our bidding.
- Program:
  - The status quo is always the easiest option.
  - Fails miserably on predictability & transparency
  - On efficiency & effectiveness – who knows
- No coalition building necessary
Developing a Rationale for Idaho – Option 2: A Little Is Better Than None

- This is current **Montana and Utah** policy
- How does this stack up on Key Factors?
  - Goals: If access is the goal, this strategy won’t get you there -- access does not come on the cheap.
  - Rationale:
    - This *satisficing* strategy is often viewed as a foot in the door on which to build.
    - Often becomes the wall, rather than the floor (inertia and momentum fall within the same law of motion).
    - Weakens rationale, because funding doesn’t match objectives.
- Program:
  - Difficult to defend an “administrative rubric” for a modestly funded effort.
  - Fails on predictability and transparency because you and they simply don’t know what will be there.
  - Efficient in one sense, because cheap, but not effective
- Winning coalition:
  - Relatively easy to create because doesn’t invade any ones turf much.
  - And, better than nothing
Developing a Rationale for Idaho – Option 3: Integrate financial aid into the overall financing scheme

- This is current *Washington* policy
- How does this stack up on Key Factors?
  - Goals: This effectively integrates the access goal into all financing efforts – institutional support, tuition policy, and financial aid.
  - Rationale:
    - This strategy brings all policies in sync.
    - Doing so, however, is not inexpensive, and requires tradeoffs.
      - Requires a slight redistribution in overall funding between institutional support and financial aid.
      - Often associated with perceived “high tuition/high aid” strategies.
- Program:
  - High marks on predictability and transparency
  - Expensive but efficient
  - Requires an administrative rubric at state level, but administration can be streamlined
- Winning coalition:
  - Big change requires lots of work and substantive change.
  - Toughest for
    - Legislature and Governor, because resource requirements must be drawn from limited resources that have many demands on them.
    - Institutions of higher education, because they envision that funding for financial aid could have gone to them.
    - Financial Aid Community reacts ambiguously – gains resources, but not control of funds.
Developing a Rationale for Idaho – Option 4: More Is Better & Never Enough

- This is the American standard. It is current California, New Mexico, Colorado and Oregon policy.
- How does this stack up on Key Factors?
  - Goals: Generally defined as meeting “unmet need”, as defined by the federal uniform need analysis.
    - Provides external validity
    - But suffers internal validity and affordability
  - Rationale:
    - Ties state efforts to federal definitions.
    - Simplicity is an asset.
  - Program:
    - Relatively easy to implement, but requires strong rationing device.
    - Because it is “unfundable”, suffers a bit on predictability and transparency.
    - Not terribly efficient – far too generous to meet current political culture
  - Winning coalition:
    - Relatively easy, in principle, to create because doesn’t invade any ones turf much.
    - Genuine support, however, is another support – because funding would take a great deal.
Developing a Rationale for Idaho – Option 5: Free At Last

- This is the new broad access merit approach. It is current Georgia, New Mexico, and Wyoming policy.
- How does this stack up on Key Factors?
  - Goals: Generally defined as making college as free as possible for as many as possible
    - Though perceived “complementary to access” often is not (Wyoming is an exception).
  - Rationale:
    - A new version of the old Western ethic of low tuition – just done via tuition discounting
  - Program:
    - High marks on predictability and transparency – everyone in Georgia knows about Georgia Hope, and they like it.
    - Very inefficient on the access and success goals
      - Pays a lot of “rent” on the goal of participation to students who would have gone anyway
      - Generally misses many access students
      - Exceptionally expensive
  - Winning coalition:
    - Have proved to be very popular for dedicated six taxes and “largess” funds.
    - Strongest supporters generally have been political entities – serves those who vote, even though they don’t “need” the support.
Developing a Rationale for Idaho – Option 6: Tailoring an Approach to fit your state

- This is the current *Minnesota Shared Responsibility* policy and new proposed *Oregon Earned Opportunity* policy.
- How does this stack up on Key Factors?
  - Goals: To make college affordable for all. But to do so by defining the different “responsible” partners.
  - Rationale:
    - Both Minnesota and Oregon have defined the responsible “partners” as the student, the family, the federal government, the institutions, and the State.
    - In both states *the student*, as the principal beneficiary of the education, is expected to accept much greater responsibility for paying for his or her education than is explicitly reflected in traditional financial aid strategies.
  - Program:
    - High marks on predictability and transparency.
    - Quite efficient because explicitly “taps out” other partners before expecting Idaho tax payers to step in to help
    - But fairly expensive
  - Winning coalition:
    - A strong philosophy can build strong support.
    - But suffers the limitations of all other “expensive” strategies – where does the money come from.
Developing Effective Need-based Financial Aid Policy & Legislation for Idaho – Your Choice

- Lots or little
- Smart or Not
- Tailored to Idaho or not