

SCHEV Policy Issue Discussion Higher Education Affordability January 7, 2008 Richmond, Virginia

Barry W. Simmons Sr. Ed.D.
Director, University Scholarships and Financial Aid, Virginia Tech
President, VirginiaCAN (Virginia College Access Network)
Chair, State Relations and Research, VASFAA
(Virginia Association of Student Financial Aid Administrators)
Simmons@VT.edu

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Roadmap

Overarching Assumption: Affordability is enhanced through need-based financial aid...merit-based aid does little to enhance affordability and access.

- Affordability as a concept
- Selected examples
- Policy questions/issues to consider

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

“It was the best of times, it was the worst of times.”

Affordability for whom? Who plays what role?

- The student and family
- The institution
- The Commonwealth
- The nation

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

The Nation's Role

Pell Grants

Tax Credits

Gear Up

Challenge Grants

Trio Programs

LEAP

Other (Head Start, CSBG, GI Bill, Loans, et al)

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

The Commonwealth's Role

Provide a static base of funding?

Provide a percentage of cost?

Provide a percentage of unmet student need?

Provide grant equity in student aid?

Provide direct or indirect aid to students?

Provide subsidy to student? Institution? Both?

Institute price controls/incentives?

Provide infrastructure for aid delivery?

Encourage innovation?

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

The Institution's Role

Maintain reasonable tuition and fee rates

Maintain reasonable auxiliary fees

Provide need based financial aid

Maintain transparent financial aid process

Provide financial counseling to families

Provide financial literacy training to students

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

Student's/Family's Role

Provide financial support from income*

Provide financial support from assets*

Earn/search out scholarships

Maintain reasonable consumer expenditures

Be willing to assume reasonable loan debt

Be willing to consider part-time work

*Based on financial strength of family

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability is in the eye of the beholder!

Affordability for the Student/Family

- Dependent on family socioeconomic status (SES)
- Different effects by SES
 - Low SES \$0-\$40,000
 - Middle SES \$40,001-\$90,000
 - High SES \$90,001 and above

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability Factor	Low SES	Middle SES	High SES
Complexity	X	X	X/+
Opportunity Costs	X	+	NA
Sticker Price	X	X/+	NA
Net Price	X/+	X/+	NA
Competing Priorities	X	+	NA
Deferred Costs	X	X/+	NA

X=inability to mitigate

+ =ability to mitigate or no effect

NA=not applicable

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

Institutional Access Enhancing Efforts

Harvard

College of William and Mary

University of Virginia

Virginia Tech

Common Element is Funding = Combination of
federal, state and institutional funds

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Harvard

- Need Based Program (modified)
- Expectation (max) to pay = 10% of family income
- \$180,000 would pay \$18,000
- As income range decreases, so does expectation
- At \$60,000, expectation is 0%
- No loans up front
- Families may choose loans to fund their expectation

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

College of William and Mary

Gateway Program

- Need-based
- Family income below \$40,000 all need met by grants
- Family may have modest contribution
- Gateway Grant to meet full need up to cost of education

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

University of Virginia

Access UVA

- Need-based
- Four Components
 - Grant aid up to cost of education for families with income up to 200% poverty level
 - Loan Cap at about 25% of 4 year cost of education
 - Meet full need for middle income
 - Training in Financial Literacy

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Virginia Tech

Funds for the Future

- Need-based
- Income cap of \$99,999
- Protects from increases in tuition and fees
 - 100% protection incomes <\$30,000
 - 70% protection incomes \$30,001 - \$49,999
 - 30% protection incomes \$50,000 - \$74,999
 - 10% protection incomes \$75,000 - \$99,999

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

Affordability (and thus access) is in the eye of the beholder by SES

- Upper SES is self-maintaining
- Middle SES requires tactical policy attention
- Lower SES requires strategic policy attention

Policy Issues

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability Factor

Complexity---negative for all SES

Financial Aid Application Protocols for VA Institutions

<i>Institution Type</i>	<i>Uniform Application</i>	<i>Special Application</i>	<i>Uniform Deadline</i>	<i>Differential Deadlines</i>	<i>Deadline Range</i>
2-Yr Public	16	8	21	3	Mar 1 - >Jun 1
4-Yr Public	13	2	10	5	Feb 1 – May 1
4-Yr Indep	22	7	15	14	Feb 1 - >Jun 1

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

Policy Implication to deal with Complexity

Virginia offers state aid to students both at public and private/independent institutions on a decentralized basis...

What are the merits of centralizing the state aid process? What opportunities exist to restructure/simplify/expand existing need-based aid programs?

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

Policy Implication to deal with Complexity

Even with a centralized state aid process, complexity remains in the aid application process....

What are the merits of a strategic early awareness marketing campaign for post high school educational affordability?

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability Policy Implications

The Commonwealth is not by itself in seeking an educated populace...business, industry and communities benefit too.....

What protocols should be adopted to partner with business, industry and community organizations in awareness initiatives as well as in joint funding ventures of student/institutional incentives?

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability Policy Implication

Affordability is a difficult concept to measure ...what is affordability? 12 of 15 VA 4-year publics have lower six-year graduation rates for financial aid recipients than non-financial aid recipients...

Should the Commonwealth measure affordability as diminishing the graduation rate gap between cohorts of financial aid recipients and non-aid recipients while requiring a maintenance of effort level for graduation rates and institutional aid expenditures?

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability Policy Implications

Public higher education in Virginia is undergoing a restructuring effort measured by *Institutional Performance Standard (IPS)*.

What opportunities are there to review and refine the IPS to reflect affordability? How might tuition increases be more effectively used to help fund need-based aid and to ensure that institutions are fully utilizing the resources available to them?

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability Policy Implications

SCHEV has adopted the *Partnership Model* of funding for state need-based aid to public 2 and 4-year institutions....

What are the opportunities to further refine this funding model to more appropriately reflect enrollment trends and funding demands as well as provide incentives for institutions?

SCHEV POLICY DISCUSSION

HIGHER ED AFFORDABILITY

Affordability Policy Implications

The policy concept of affordability may carry negative implications, especially with lower SES populations...by use of the term 'affordability' we set expectations that higher ed is not affordable...

Consider a change in concept to "ACCESS"
and identify a *champion*... SCHEV can be
this champion by providing more visibility
and aggressiveness to access efforts at the
highest levels of state government and with
all audiences across the Commonwealth.

SCHEV POLICY DISCUSSION HIGHER ED AFFORDABILITY

Discussion