

The Future of Student Aid: Voices for Policy Reform

College Board Colloquium - January 2013

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Student Aid Policy Reform: Why Now?

- National student aid policy conversation timely
 - Federal deficit
 - Fiscal cliff and sequestration
 - Inability of Congress to agree on solutions
 - Pell shortfall
 - Lower Stafford Loan interest rate costly and expiring in July
 - College affordability and student debt top family concerns
 - Emerging consensus on ambitious attainment goals by federal and state governments as well as foundations
 - Increased attention by colleges on completion
 - New focus on workforce training as path to success in the workplace
- Reauthorization of Higher Education Act as early as 2014

Multiple Student Aid Policy Projects

- Many opportunities to engage in policy discussion over next 6 months
 - Rethinking Pell Grants: College Board multi-year project
 - Generous support from Bill and Melinda Gates Foundation and Lumina Foundation for Education
 - Reimagining Student Aid Design and Delivery (RADD)
 - Bill and Melinda Gates Foundation awarded grants to 16 organizations in fall
 - White papers on how financial aid can help more students be successful in college and obtain the credentials they need to be competitive in the workplace
 - Final papers to be published by January 2013
 - Foundation encouraging collaboration on big issues

Organizations with RADD Grants

- Alliance for Excellent Education
- America's Promise
- Association of Public & Land-Grant Universities (APLU)
- Center for Law & Social Policy (CLASP)
- Committee for Economic Development
- Excelencia in Education
- HCM Strategists
- Institute for Higher Education Policy (IHEP)
- National Association of Student Financial Aid Administrators (NASFAA)
- National College Access Network (NCAN)
- National Urban League
- New America Foundation
- The Education Trust
- The Institute for College Access & Success (TICAS)
- US Chamber of Commerce
- Young Invincibles

RADD Proposals to Date

- NCAN
 - Restrict tax benefits to families with incomes of \$100,000 or less; savings should bolster Pell
 - End Stafford loan subsidies; savings to Pell and IBR
 - Opt out of IBR instead of opt in
 - Redistribute campus-based aid to take into account number of low-income students colleges enroll and graduate compared to peer institutions
 - Reinstate year-round Pell Grants

RADD Proposals to Date

- Young Invincibles
 - Fully fund Pell Grants
 - 2 new Pell programs
 - Pell Works—retarget FWS to schools that best connect school to work
 - Pell Plus—retarget SEOG to schools making significant effort to help lowest-income students graduate
 - Single simple federal loan program; automatic enrollment in IBR
 - Improve loan counseling, both online and in person
 - Consolidate and simplify tax benefits

RETHINKING PELL GRANTS

Pell Grant Mission Has Changed

- Basic Educational Opportunity Grant (now Pell Grant) introduced in 1972 to remove financial barriers to college for high school graduates from low-income families
 - 80% of undergraduates were age 24 or younger
 - Less than half of all high school graduates went directly to college
- Today the program serves a much more diverse group of students and set of purposes

Pell Grants: Challenges at Age 40

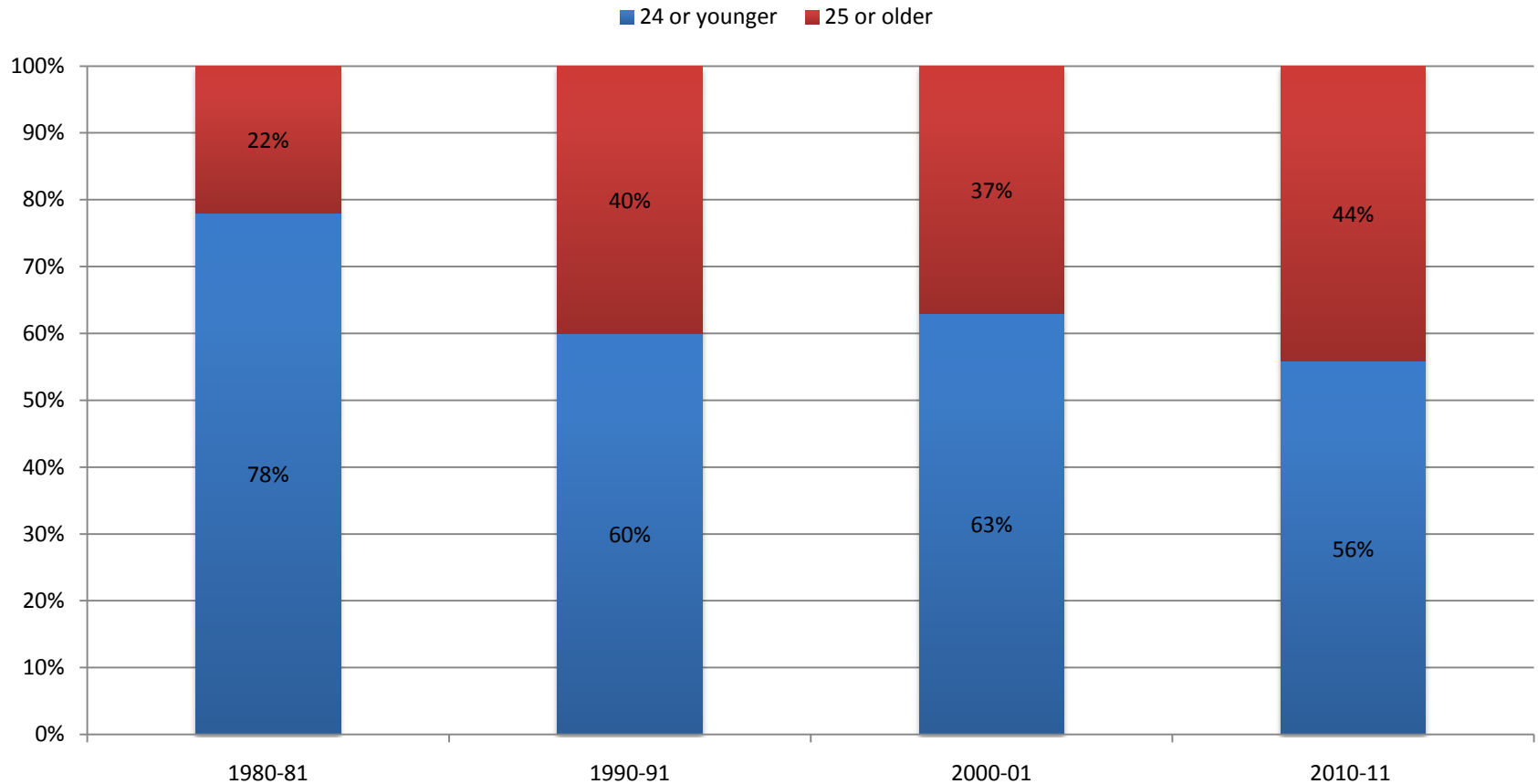
- Pell serves multiple populations with different educational and career goals
- Growing gaps between rich & poor in educational attainment threaten economic mobility
- Simple voucher program leaves many students making decisions about program and institutional choice that do not work well for them
- System is complex; awards are unpredictable
- Eligibility determination is problematic for older students

Rethinking Pell Grants

- Fall 2011 College Board convened a study group of economists, public policy experts, higher education professionals
 - Chaired by Sandy Baum
- Study group focused on a set of constructive ideas to make Pell Grant program more effective
 - Increase educational opportunities and outcomes for low- and moderate-income students
 - Use taxpayer dollars more efficiently
 - Not focused on short-term savings or reducing expenditures
- Final report in late February 2013
 - Policy forums planned to engage education professionals in policy discussions

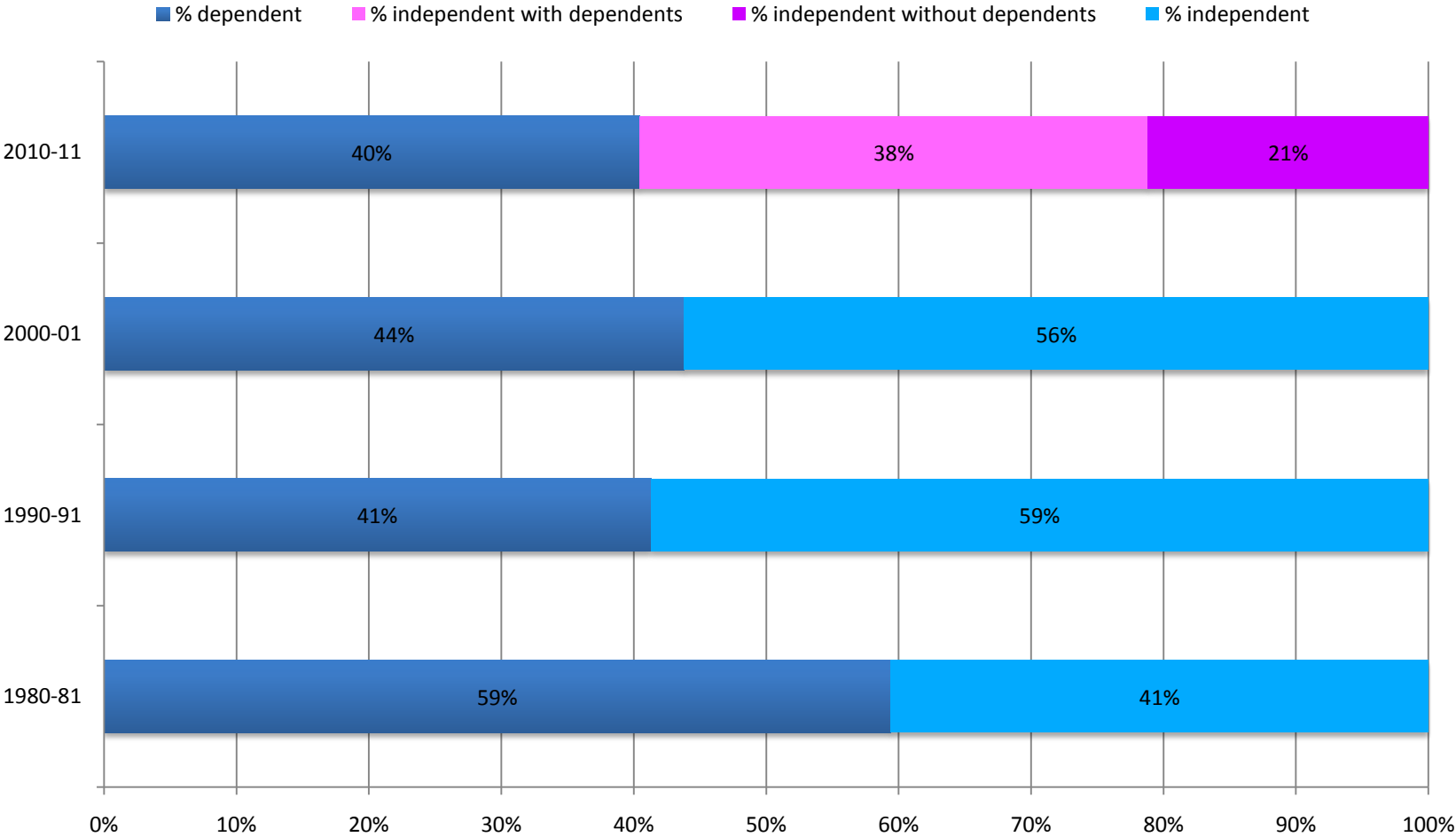
Times Have Changed: Ages of Pell Recipients

Ages of Pell Grant Recipients, 1980-81 to 2010-11



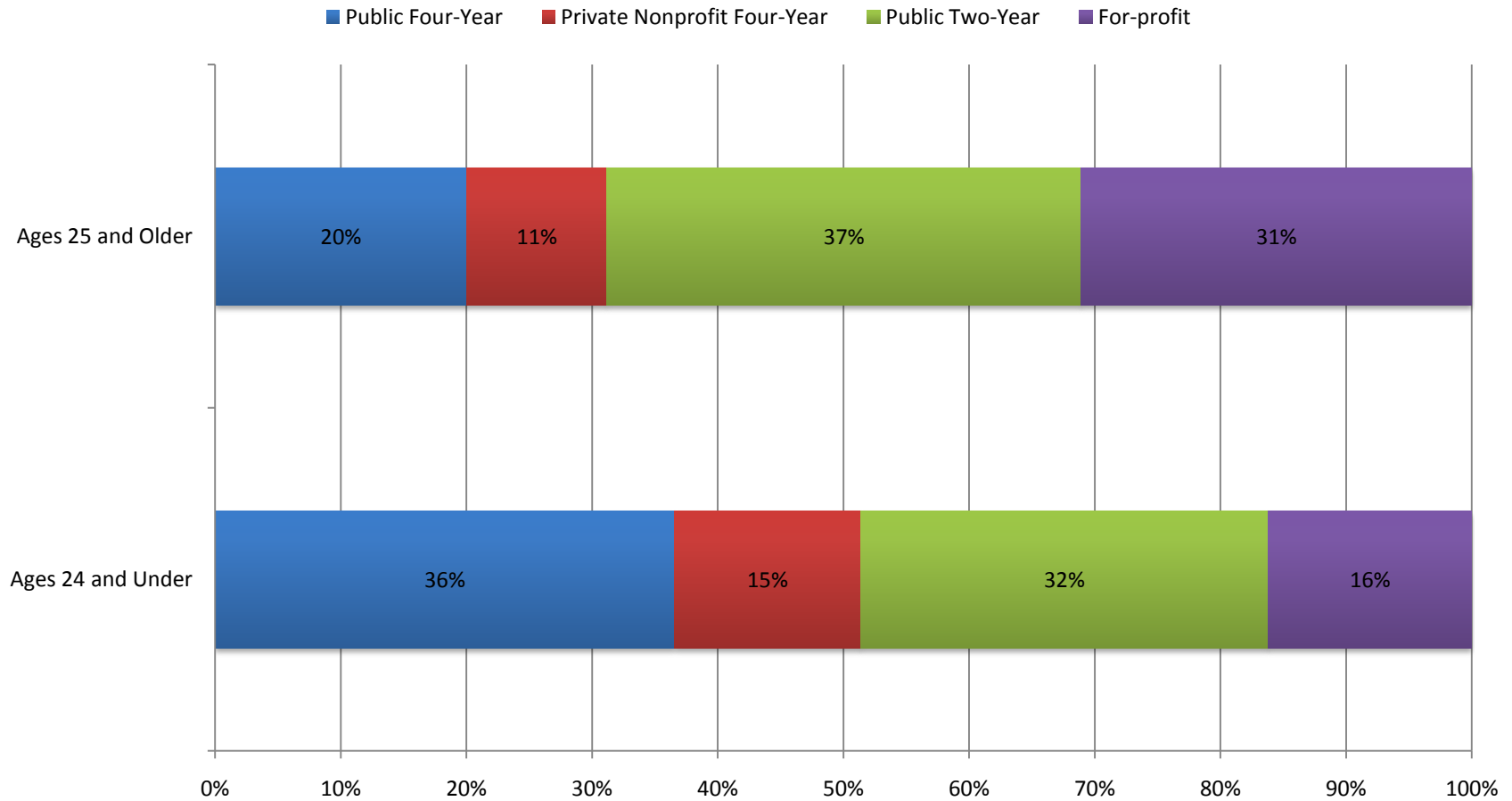
Source: Pell Grant End-of-Year Reports

Pell Recipients by Dependency Status



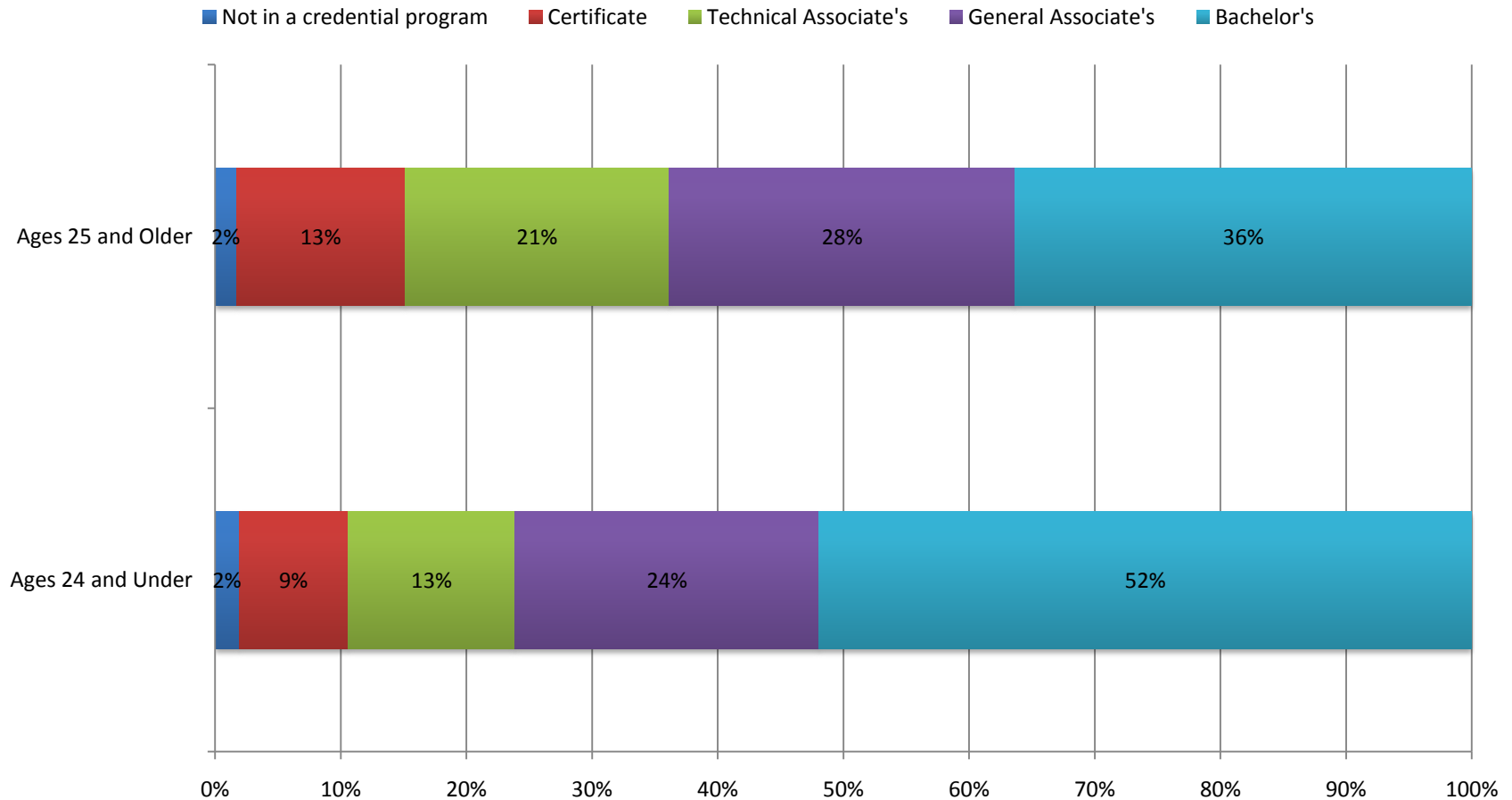
Source: Pell Grant End-of-Year Reports

Enrollment by Sector and by Age, Beginning 2003-04 Pell Recipients



Source: Beginning Postsecondary Students, 2009

Type of Program by Age, Beginning 2003-04 Pell Recipients



Source: Beginning Postsecondary Students 2009

Educational Attainment at Any Institution by 2009, Beginning 2003-04 Students

Age at First Enrollment	BA	AA	Certificate	No Degree, Still Enrolled	No Degree, No Longer Enrolled
18 or younger	45%	9%	5%	15%	27%
19-24	28%	10%	9%	18%	32%
25-29	5%	9%	21%	16%	37%
30 or older	5%	10%	18%	13%	55%

Source: Beginning Postsecondary Students, 2009

Percentage of Beginning 2003-04 Pell Grant Recipients No Longer in School & No Degree or Certificate by 2009, by Sector and Age at First Enrollment

Age at First Enrollment	4-Year			2-Year or Less		
	Public	Private NFP	For-Profit	Public	Private NFP	For-Profit
24 or Younger	28%	22%	53%	44%	39%	41%
25 or Older	58%	40%	63%	48%	50%	46%

Source: Beginning Postsecondary Students 2009

Pell Grants: Changing the Conversation

- Can a single grant program meet the needs of a diverse student population?
- How can we ensure that older students have adequate resources to increase likelihood of completion?
- How can Pell be better coordinated with workforce training?
- Should the federal government provide resources to institutions to develop programs to improve Pell recipients' retention and completion?
- How can Pell Grants be better coordinated with other federal subsidy programs (income support programs, tax benefits, etc.)?
- How can program eligibility and delivery be simplified?

We welcome your thoughts....

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