

Financial Aid from Entry to Completion

HOW STATES ARE USING FINANCIAL AID POLICY TO PROMOTE COLLEGE ACCESS, DEGREE COMPLETION, AND OPPORTUNITIES FOR UNDERSERVED STUDENTS



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Steven Wheeler, Director

PRINCIPAL AUTHOR

Thomas Torre Gibney, Research Associate
WestEd

CONTRIBUTING AUTHORS

Dr. Lenay Dunn, Senior Research Associate
WestEd

Dr. Becky Smerdon, Consultant
WestEd

Dr. Kellie Kim, Senior Research Associate
WestEd

Dr. Paul Perrault, Vice President of
Research and Evaluation
Helios Education Foundation

ABOUT HELIOS EDUCATION FOUNDATION

Helios Education Foundation is dedicated to creating opportunities for individuals in Arizona and Florida to achieve a postsecondary education. Our work is driven by our four fundamental beliefs in Community, Equity, Investment, and Partnership, and we invest in initiatives across the full education continuum.

Through our Florida Regional Student Success Initiative, Helios is helping underserved, minority, and first-generation students from the state's large population centers in Miami, Orlando, and Tampa achieve a postsecondary education.

In Arizona, where Latino students comprise the largest percentage of the K-12 public school population, the Foundation is implementing its Arizona Latino Student Success initiative focused on preparing all students—especially students in high-poverty, underserved Latino communities—for success.

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Dear Colleague,

Helios Education Foundation is dedicated to creating opportunities for individuals in Arizona and Florida to achieve a postsecondary education. Our work is driven by our four fundamental beliefs in Community, Equity, Investment, and Partnership, and we invest in initiatives across the full education continuum.

Among the numerous difficulties noted by students who seek to complete a postsecondary degree are financial hurdles that all too often become insurmountable. Within this brief, entitled Financial Aid from Entry to Completion, researchers examine many of the challenges students face when navigating the rising cost of postsecondary degree attainment. This brief specifically explores the shift in traditional financial aid programs from grant-based aid to increased reliance on student loans—a trend that disproportionately affects low-income students. While some states are addressing this issue with legislative initiatives and other innovative programs, an increasing proportion of students are challenged to complete their postsecondary degree without incurring burdensome debt.

At Helios, we are committed to ensuring that every individual has the opportunity to succeed in postsecondary education. Reaching this goal of seeing that every student receives a high-quality education and is set on a path toward college and a career will require both advocacy and action. We hope you will be inspired by this report and work in partnership with us to expand educational opportunities.

Sincerely,



Vince Roig
Founding Chairman
Helios Education Foundation



Paul J. Luna
President & CEO
Helios Education Foundation



INTRODUCTION

Higher education is widely recognized as an engine of social mobility and economic opportunity, conferring important benefits to individuals and society at large. Persevering to postsecondary degree completion is rewarded with a significant boost in lifetime earnings, with the average bachelor’s degree holder earning \$1.2 million over the course of a lifetime—twice as much as those with only a high school diploma (Schanzenbach, Bauer, & Breitwieser, 2017).

A postsecondary degree is the surest safeguard against future instability in the labor market, and even short-term participation has its benefits. Following the severe job losses of the Great Recession, workers with at least some college experience captured 99% of all new jobs created since the recovery (Carnevale, Jayasundera, & Gulish, 2016). With the relationship between education, employment, and earnings now more pronounced than ever, policymakers have launched ambitious campaigns to increase postsecondary attainment levels in their states (Fulton, 2017). Yet, the combined influences of rising college costs, stagnant household income, and diminished state and federal support are putting college out of reach for many students and their families (Mitchell, Leachman, & Masterson, 2016; Ma, Baum, Pender, & Welch, 2017; Baum, Ma, Pender, & Welch, 2017; De Navas-Walt & Proctor, 2014).

Financial aid policy is intended to defray the costs of higher education through a variety of mechanisms, including tax breaks to individual families and need- and merit-based aid in the form of scholarships and grants, work-study, and loans. Some 12 million students receive federal financial aid each year, totaling \$122.5 billion in fiscal year 2017 alone,¹ but for many students, this aid is insufficient to make college an affordable option over the full course of a degree

program (U.S. Department of Education, Federal Student Aid, 2017, 2016, & 2015; Goldrick-Rab, 2016). College costs have eclipsed government financial support for students and the institutions that serve them, while the proportions of college costs covered by grants and loans has shifted in favor of loans (Baum et al., 2017; Heller, 2005; Mumper, Gladieux, King, & Corrigan, 2011). Student loans accounted for 32%, or \$58.1 billion, of all undergraduate aid received in the 2016–17 school year—the single-largest aid category (Baum et al., 2017). Nationally, reliance on student loans has soared such that more than 42 million Americans now owe some amount of student debt (Washington Center for Equitable Growth, 2017). For students who successfully complete their degree programs, better jobs and higher wages may help them eventually pay off their debts. But for the millions of undergraduates who drop out of college with outstanding debt, they must begin repayment without the economic benefits that come with a degree (Wei & Horn, 2013). Though many factors influence the complex dynamics of college enrollment, persistence, and completion patterns, research has shown that financial aid policy can have an impact on helping students complete their degrees, or it can shut out those who would stand to gain from a postsecondary education the most (Bettinger, 2004; Dynarski, 2003).

This brief draws on a scan of how seven states are designing financial aid strategies to help students enter, progress through, and exit the postsecondary system with credentials in hand, all while minimizing the loan burden on students. Rather than focus on aid availability in isolation, the brief looks across these three key stages—entry, progress, and completion—from a student perspective, examining how states, institutions, and communities provide opportunities for students to achieve their education and career goals, including financial stability, after graduation. To paint a holistic picture of financial aid’s role in the student trajectory through college, the research team conducted semi-structured interviews with state and institutional leaders, gathered data on the financial aid landscape in a sample of seven states, and analyzed trends in college access and affordability nationwide.²

The motivation for this study reflects Helios Education Foundation’s commitment to ensuring that every individual in Arizona and Florida achieves a postsecondary education. In reporting the results, our objective is to spur thoughtful discussion about the ways in which current financial aid policy can help or hinder the progress of vulnerable populations around access, degree completion, and limiting student debt. By sharing some of the emerging strategies that the states in our study have adopted, we hope that policymakers and other decision-makers in Arizona and Florida will be inspired to examine their own policies closely to ensure that higher education fulfills its promise as a bridge, not a barrier, to social and economic opportunity.

THE BIG PICTURE: COLLEGE COSTS, AID, AND AFFORDABILITY NATIONWIDE

The postsecondary landscape in the United States is a vast constellation of four-year, two-year, and shorter-term degree and certificate programs offered by some 7,236 institutions that receive federal dollars in the form of student aid, collectively known as “Title IV” institutions (U.S. Department of Education, National Center for Education Statistics, 2016).³ Each year, approximately 20 million students enroll in Title IV institutions, from public state flagship universities, to open-enrollment community

colleges, to degree-granting trade and technical schools (U.S. Department of Education, National Center for Education Statistics, 2016). The overwhelming majority of these students—86 percent of first-time, full-time students at four-year colleges and 79 percent at two-year institutions—rely on the federal student aid system to help them pay for college (U.S. Department of Education, National Center for Education Statistics, 2017).⁴ Federal aid, however, has not kept up with the substantial growth in college costs over the last several decades. Diminished state support for higher education, stagnant household income, and a nationwide reliance on loan debt have compounded the challenge of paying for college, requiring students and their families to assume greater personal risk to finance their degrees, or forego college altogether. These factors combine to create multiple barriers to entry, progress, and completion for today’s college students, especially among families with the least means.

RISING COSTS, DIMINISHING SUPPORT

Over the last 50 years, the price of college has risen dramatically at the same time that federal and state support has declined. In 1971 a prospective student could expect to see an average published price of \$2,570 in tuition and fees for one year at a four-year public college in 2017 dollars (Ma et al., 2017). Today, that same one year of tuition and fees costs an average of \$9,970, as displayed in Figure 1 (page 2). Average published tuition and fees at four-year institutions have increased more than threefold in inflation-adjusted dollars since 1987 alone (Ma et al., 2017). While tuition grew during this time, family resources, on the whole, did not (Shambaugh, Nunn, Liu, & Nantz, 2017). According to the Pew Research Center (2017a), which in 2017 studied long-term income growth trends among lower-, middle-, and upper-income groups from 1991 to 2013, disposable household income—that is, the take-home pay that a family might partially devote to higher education expenses—remained essentially flat for all but the wealthiest Americans. The 2014 real median household income, in fact, was 6.5 percent lower than it was in 2007, the year before the Great Recession set in (De Navas-Walt & Proctor, 2014).



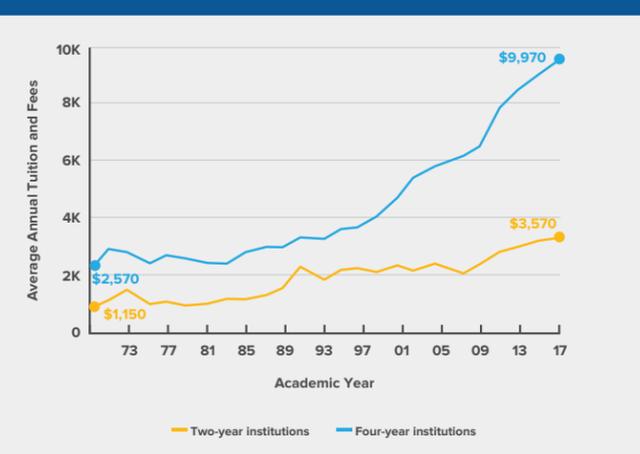
¹ Throughout this report, quoted financial aid figures vary depending on the source of aid and the time frame to which the figure corresponds. For example, figures sometimes refer to federal aid sources only, and elsewhere refer to total aid across all sources, including federal, state, institutional, and other private or philanthropic sources. Similarly, some figures are reported in government fiscal years, while others refer to institutions’ academic-year calendars. Efforts are made throughout this report to contextualize financial aid estimates when presented; for further detail, please refer to the source citation that accompanies each figure.

² This study is based on a purposive sample of seven states: Arizona, California, Florida, Georgia, Massachusetts, Oregon, and Texas. For a full description of how these states were selected, and other methodological parameters, see Appendix A, “Methodology.”

³ Title IV institutions are so named for their designation in Title IV of the Higher Education Act of 1965, as amended. In this report, except where otherwise noted, we use the terms *postsecondary*, *college*, and *higher education* interchangeably to describe all types of Title IV institutions, regardless of sector, control, size, or composition. When referring to institutions with similar characteristics (such as two-year schools, or four-year schools), we identify these populations specifically.

⁴ These figures do not include aid from private sources, such as loans from for-profit lenders and scholarships from philanthropic entities.

FIGURE 1
Average public college and university tuition and fees over time by institution type, academic years 1971-72 through 2017-18 (in constant 2017 dollars)



Tuition and fee increases at public institutions show no sign of slowing

Source: Adapted from Ma et al., *Trends in College Pricing* (2017), Table 2, "Average Tuition and Fees and Room and Board (Enrollment-Weighted) in Current Dollars and in 2017 Dollars, 1971-72 to 2017-18." Data retrieved from <https://trends.collegeboard.org/college-pricing>.

What is cost of attendance?

The total amount it costs to go to school—usually stated as a yearly figure. COA includes tuition and fees; room and board (or a housing and food allowance); and allowances for books, supplies, transportation, loan fees, and dependent care.

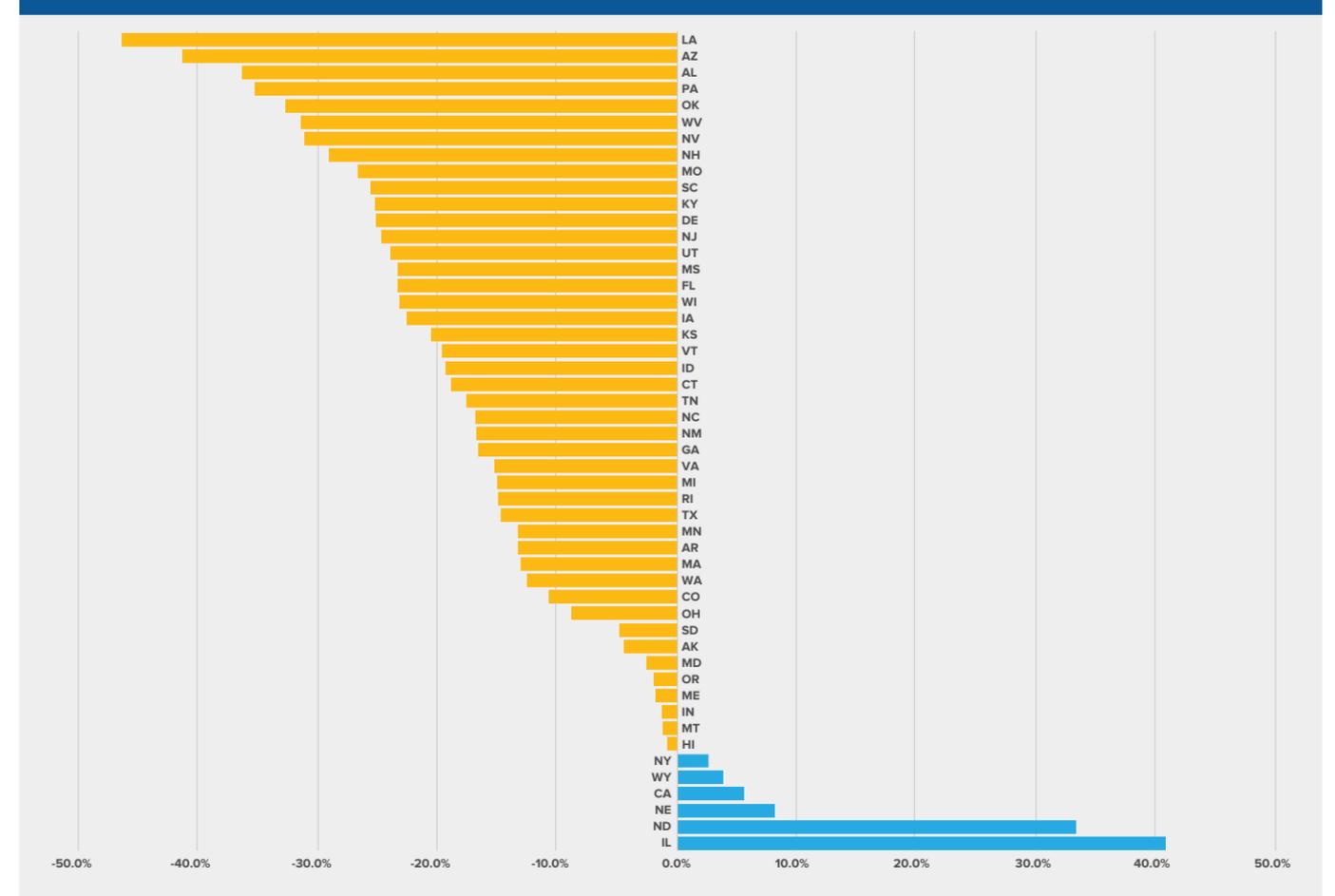


Meanwhile, the stark rise in tuition and fees has paralleled a decline in government support for higher education. In 1988 the revenue that colleges and universities earned from state and local government contributions amounted to over three fourths of total educational revenue, while tuition comprised less than a fourth of total revenue. By fiscal year 2015, the percentage of total educational revenue funded through tuition had swelled to nearly half, as state and local contributions declined and colleges sought alternative sources to pay for instructional and other costs (Mitchell, Leachman, & Masterson, 2016). Historically, state and local commitments helped shield students from the costs of delivering higher education, but the long-term trend of growing tuition reliance means that students must cover larger proportions of college costs, even though household income has not grown in tandem (Bergeron, Baylor, & Flores, 2014; State Higher Education Executive Officers Association [SHEEO], 2017). While most states have begun to see a rebound in their higher education appropriations, a mere six of the nation's 50 states posted net increases in state and local funding per full-time equivalent (FTE) student during the ten years since the Great Recession, corresponding to 2008-2017 (see Figure 2).

Tuition and fees, however, represent just one layer of the overall price of college, accounting for less than half of total college costs (Kelchen, Goldrick-Rab, & Hosch, 2015). In fact, expenses related to living costs, books and supplies, transportation, and other personal expenses have grown faster than tuition has in the past two decades (Goldrick-Rab, 2016). These categories are bundled together along with tuition and fees into an aggregate *cost of attendance* (COA)⁵ measure (sometimes called the *sticker price*), which establishes the ceiling for the financial aid a student may receive (Federal Student Aid, n.d.[a]). Every institution has its own COA. It represents the published price of going to college before any financial aid is taken into account. In 2017 the average COA—including all tuition and non-tuition-related expenses—reached an all-time high of \$46,950 at private, nonprofit 4-year institutions, a 3.5% increase from the year before, and \$20,770 for in-state students at public 4-year institutions, an increase of 3.1% (Ma et al., 2017).

⁵ All financial aid terms cited in this report are adapted from the Federal Student Aid Glossary (Federal Student Aid, n.d.[b]).

FIGURE 2
Ten-year percentage change in state and local funding for higher education per full-time equivalent (FTE) student, by state (2008-2017)



Only six states have recorded a net positive percentage change in funding per full-time equivalent student since the Recession.

Source: Adapted from State Higher Education Executive Officers Association (2018), State Higher Education Finance (SHEF) Fiscal Year 2017, "Changes since Great Recession, by State" (Data download). Data retrieved from <http://www.sheeo.org/projects/shef-%E2%80%94state-higher-education-finance>.

With less state support to lean on, disadvantaged populations may struggle to keep up with the growth in tuition costs. Low-income and minority students, in particular, tend to be more price sensitive to increases in cost, meaning they are less likely to enroll in college when faced with tuition increases compared to Caucasian, middle-, and upper-income students (Heller, 2005). In the context of rising college costs and diminishing state support, wealth inequality in the United States is exacerbating disparities in college affordability, as the median wealth of upper-income households is now 75 times higher than the median wealth of low-income households (Pew Research Center, 2017b). Put simply, a \$20,770 average COA for an in-state public 4-year student is more challenging to afford for a low-income family with a median net worth of \$10,800 than for a high-income family with a median net worth of \$810,800 (see Pew, 2017b). Most families must rely on the combined \$181 billion in federal, state, institutional, and private financial aid awarded each year to offset college costs (Baum et al., 2017).

NET PRICE, AID, AND ABILITY TO PAY

Despite the marked increase in college costs, few students pay the full COA thanks to the growing volume of student aid available from federal, state, private, and institutional sources (Center for Analysis of Postsecondary Education and Employment, 2018). Not all aid is created equal, though. For the majority of students, going to college requires some combination of aid that does not have to be paid back, such as grants and scholarships, and government or private loans that carry a range of interest rates and repayment timelines. According to the most recent data, the average full-time undergraduate student received a total aid package of \$14,440 in academic year 2016–17, of which \$8,440 came from grants, \$4,620 from loans, and \$1,340 from federal work-study programs and education tax credits (Baum et al., 2017). From a student perspective, what matters most is the balance left over after aid received from non-loan sources, otherwise known as the *net price*. The net price, determined by taking the published COA and subtracting an individual's combined grant aid from federal, state, institutional, and private sources, represents the amount that students must provide themselves using income, savings, and loans (Federal Student Aid, n.d.[b]).

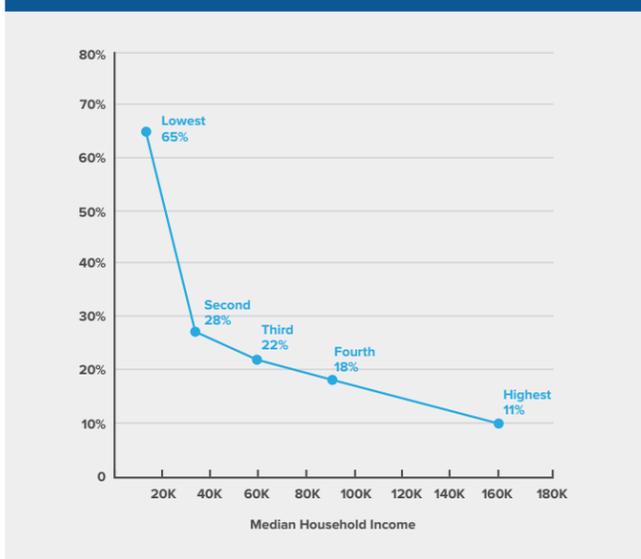
Grant aid can take many forms based on student and institutional characteristics. The largest government source of grant aid is the federal Pell Grant program, a need-based award that serves as the primary financial vehicle for broadening college access among the poor (Goldrick-Rab, 2016), providing \$26.6 billion in grant aid to 7.1 million students nationwide as of school year 2016–17 (Baum et al., 2017). At the state level, recent decades have seen a proliferation of programs developed to supply need- and merit-based relief to students who would otherwise have difficulty enrolling in college (Dynarski, 2004; National Association of Student Financial Aid Administrators, n.d.). In some states, such as California, tuition and fees can essentially be waived for eligible students at 2-year institutions by using grant aid (Association of Community College Trustees, 2017). The California College Promise Grant, formerly known as the Board of Governors Fee Waiver, is a prominent example used by some two thirds of California community college students (California Community Colleges Chancellor's Office, 2017). Taking advantage of the full range of merit- and need-based awards available to residents of individual states can make a large difference in getting the lowest net price possible, but students must first be aware of these programs and have the know-how to navigate the application process (De La Rosa, 2006; Marcus, 2017). To be eligible for state- or federally-sponsored aid, students at a minimum must file a Federal Application for Financial Aid, or FAFSA (Federal Student Aid, n.d.[a]). Yet, for many students, applying for financial aid remains an opaque process in which attempts to find reliable information on true college costs and the best aid opportunities to offset them can result in discouragement or under-informed decision-making (Long, 2008).

What is net price?

An individualized estimate of the cost that a student will need to pay in a given year to cover education expenses at a particular school. Net price is determined by taking the institution's cost of attendance and subtracting any grants and scholarships for which the student may be eligible.

Even if students are successful in securing aid, it may not be enough to meaningfully reduce the total COA to a net price that they can afford. Table 1 displays the median family income of all U.S. households in 2015 separated by each fifth, or quintile, of the income distribution. Despite families from the lowest income quintile earning a median value of only \$15,000 in 2015, the average net price they were charged (after deducting all grant aid received) ranged from \$6,346 at 2-year institutions to \$9,743 and \$10,019 at 4- and less-than-2-year institutions, respectively. Higher income families were charged progressively higher net prices, on average, but only at marginal increases relative to the incomes they received. When represented graphically, these disparities become all the more pronounced. Examining just 4-year institutions, for example, the data show that families in the lowest income quintile—those who made less than \$30,000 a year—were charged a net price representing on average 65% of their income. By contrast, the highest income households—those who made over \$110,000 a year—were charged an average net price that accounted for just 11% of their income, as depicted in Figure 3.

FIGURE 3
Average net price as a percentage of family income at public four-year institutions, by income quintile (2015)



The lowest income families pay the greatest share of their incomes toward college costs compared to all other income groups, even after accounting for all grant aid received.

Source: Authors' calculations based on figures derived from Table 1.

Table 1.

Household family income distribution by income quintile and average net price charged at public 4-year, 2-year, and less-than-2-year institutions, 2015–16

Income Quintile	Family Income		Average Net Price		
	Upper Limit	Median Value	4-year	2-year	< 2-year
Lowest	\$30,000	\$15,000	\$9,743	\$6,346	\$10,019
Second	\$48,000	\$39,000	\$10,874	\$6,935	\$10,679
Third	\$75,000	\$61,500	\$13,826	\$8,881	\$11,582
Fourth	\$110,000	\$92,500	\$16,657	\$10,704	\$12,959
Highest Fifth*	\$214,462	\$162,231	\$17,638	\$11,567	\$14,741

Source: Academic year 2015–16 average net price by income quintile adapted from Ginder et al. (2017), Table 4, “Average Academic Year Cost of Attendance, Average Grant/Scholarship Aid, and Net Price of Attendance for Full-Time, First-Time Degree/Certificate-Seeking Undergraduate Students at Title IV Institutions, by Control of Institution, Level of Institution, Type of Aid Awarded, and Family Income Level: United States, Academic Year 2015–16.”

*Due to extreme outlier values at the top of the income distribution, in table 1 we use the 95th percentile cutoff as the ceiling value for the “Highest Fifth” category. Using this value excludes the top five percent of observations beyond the \$214,462 upper limit, and therefore understates the true median value for this subset of the population. Median values are calculated at the midpoint between each quintile cutoff. “Highest Fifth” upper limit value retrieved from the Urban Institute/Brookings Institution Tax Policy Center (2017), based on Census Bureau Historical Income Tables H-1 and H-3: <https://www.taxpolicycenter.org/statistics/household-income-quintiles>.

These figures may partially explain why only 24% of Arizonans and 32% of Floridians agree or strongly agree that a college education is affordable in their states (Helios Education Foundation, Public Perception of Higher Education and Financial Aid in Arizona and Florida, November, 2017). Affordability is not an issue unique to Arizona and Florida, however. Nationwide, even after maximizing grant aid, low-income students still face an average unmet financial need of \$8,221 per year, with the figure averaging \$6,514 for students in the second-lowest income quartile (Cahalan, Perna, Yamashita, Ruiz, & Franklin, 2017). Absent the cash on hand to pay the quoted price, they must turn to full- or part-time employment, take fewer classes, or seek other sources of aid for help. Today more than ever, the national prescription for inadequate grant aid and limited ability to pay is simple: ask students to make up the difference in loans. This strategy has aided student loans in becoming the second-largest category of debt among all American households (Bleemer, Brown, Lee, Strair, & van der Klaauw, 2017)—and, increasingly, a route by which many Americans access higher education in an era of growing costs.

THE LANDSCAPE OF STUDENT DEBT

In academic year 2016–17, 11.5 million students received federal financial aid, down from 12.2 million the year before and 14.2 million in 2010–11 (U.S. Department of Education, Federal Student Aid, 2017), and increasing amounts of this aid come in the form of loans (Gale, Harris, Renaud, & Rodihan, 2014).⁶ For nearly one half of all students—47%, according to the most recent federal statistics (Ginder, Kelly-Reid, & Mann, 2017)—taking on student loan debt is a necessary step in the path to financing a degree. Regardless of need, students from families of all income levels have seen their share of costs financed through debt soar over the past two decades, with the total volume of student loans growing by 77% from 2002 through 2012 (Greenstone & Looney, 2013). By the end of that period, the typical student was covering 50% of his or her education through debt (Greenstone & Looney, 2013). By 2017 the total outstanding student debt balance had reached \$1.36 trillion, second only to housing debt as the nation’s largest liability (Bleemer et al., 2017).

Still, these aggregate figures mask important differences in the amounts of debt that certain student populations assume. Recent efforts to make postsecondary debt data more transparent and accessible to the public have exposed how the national reliance on loans to subsidize higher education participation disparately impacts various subgroups (College Scorecard Data, 2018). Table 2 shows

⁶The decline in total aid from federal sources can partially be explained by a concurrent decline in college enrollment as the economy recovered and more students returned to the workforce.

the average debt burden of different student populations using data from the federal College Scorecard. The data here show that Pell students (who are the most economically disadvantaged of all aid recipients) take on more debt, on average, than do students who do not fall into the Pell category—despite the fact that they already receive the federal government’s primary grant intended to reduce the cost of college for low-income students. Notable as well is the median debt load of non-completers (i.e., those who drop out prior to earning a degree), who must repay those loans upon re-entry into the labor market, though without the significant wage premium that comes with finishing a degree. Across school years 2014–15 and 2015–16 alone, the number of dropouts with federal loan debt totaled 3.9 million, 64% of whom were from public colleges and universities (Barshay, 2017).

Non-completion patterns are particularly pronounced among the low-income student population, compounding the burden of debt repayment for these students. They stand at the nexus of debt and dropout trends, with only 12% of the lowest-income students earning a bachelor’s degree by the age of 24, compared to 58% of the highest-income students (Cahalan et al., 2017). The most recent federal data indicate that fully one quarter of low-income students who entered higher education in the 2003–04 school year had defaulted on their loans by 2015; only 17% had succeeded in paying off their debts by that time (Woo, Bentz, Lew, Velez, & Smith, 2017). When asked to share the biggest barrier facing students who want to complete a postsecondary degree or credential, student debt tops the list for Arizonans and Floridians, accounting for 53% of responses in Arizona and 46% of responses in Florida (Helios Education Foundation, 2017). While at the national level students as a whole have gradually been taking on less debt compared to previous years (Baum et al., 2017), we arguably do not yet have a strong understanding of the long-term impact of substantial loan burdens on the future economic and social outcomes of students enmeshed in this system today.

Set against this context, states’ roles have grown to occupy an increasingly important position in the design and delivery of financial aid policy. With federal aid struggling to keep pace with college costs, states find themselves in an environment of intense pressure to produce better outcomes from their education systems, all at a time of constricted funding and growing reliance on student debt. How are states rising to address this challenge? To answer this question, the study team first examined the contemporary higher education contexts of Arizona and Florida, to situate

national trends within the present realities of these two states’ systems. We spoke with state higher education leaders as well as institutional leadership representing the 4-year and 2-year segments in each state: including Arizona State University, the University of South Florida, Hillsborough Community College, and the Maricopa County Community College District. Beginning with an overview of Arizona’s and Florida’s policy environments, the brief then pulls out some of the most salient issues that emerged in our discussions around the entry—progress—completion pipeline, and summarizes how the states in our sample are addressing them. Throughout the remainder of this brief, we reference data and insights drawn from individuals and sources consulted over the course of the study.⁷

Table 2.

Percentage of aided students and average debt among first-time, full-time students at public Title IV institutions.

Measure of interest	Average across institutions	Number of institutions counted
Percentage of undergraduates who receive a Pell Grant	41%	1,962
Percentage of undergraduates who receive a federal student loan	31%	1,962
Median debt	\$9,485	1,651
For students who completed	\$14,256	1,560
Non-completers	\$6,642	1,541
Pell students	\$10,469	1,538
Non-Pell students	\$8,374	1,538
First-generation students	\$9,836	1,608
Not-first-generation students	\$9,365	1,608

Source: Author’s calculations using data from the 2018 federal College Scorecard cohort.

⁷See Appendix B, “Snapshots of the Study Sample,” for detailed information on the characteristics of the states and institutions profiled in this brief.

TWO STATE PERSPECTIVES: HIGHER EDUCATION IN ARIZONA AND FLORIDA

Across the nation, government leaders are racing to build policies that will boost postsecondary attainment in their states. Nearly every state has adopted, revised, or proposed a goal of at least 55% of its working-age population earning a postsecondary credential within the next decade or so (Fulton, 2017). This trend reflects a growing recognition that economic competitiveness depends on an educated citizenry, as larger shares of good-paying jobs go to workers with postsecondary credentials (Carnevale, Strohl, & Ridley, 2017).

Arizona and Florida are no exception. In 2016 Arizona launched the Achieve60AZ initiative, an alliance of business, industry, education, and community leaders committed to increasing the proportion of Arizonans with a postsecondary degree or certificate from 42% to 60% by 2030 (Arizona Governor’s Office of Education, 2018). That same year, Florida announced its own postsecondary attainment goal initiative, rebranded in 2017 as “Rise to 55,” as the Florida Higher Education Coordinating Council set a goal of increasing postsecondary degree or certificate attainment from 47% to 55% by 2025 (Florida Higher Education Coordinating Council, 2017). Though similar in spirit, each initiative operates within a specific state context and higher education environment that influences how students enter, progress through, and exit the postsecondary system. With over half of Arizonans agreeing that it is the state’s role to help students financially with tuition needs, and 58% of Floridians sharing this sentiment (Helios Education Foundation, 2017), public opinion supports the notion that the journey to degree completion should not be one that students have to navigate alone. Rather, states can create the conditions and the policies that are most likely to benefit students.

States face similar challenges regarding designing financial aid policies that maximize access and minimize cost for students while closing the equity gaps that continue to ripple through higher education along lines of race and class. How states choose to respond to affordability challenges—through policy, legislation, messaging, and more—can have real consequences on the ways that money flows to schools and students. Due to the great diversity of state responses, and the increased importance of state leadership in an era of rising college costs, it can be argued that college affordability in the United States is governed not by one financial aid system, but by 50 unique systems. As a result, the levels

and kinds of support available to a resident of one state may evaporate (or proliferate) with the crossing of a state line. State financial aid policy matters, then, as it has the potential to restrict or expand students' postsecondary choice sets, define what affordability looks like for the average resident, and shape how families perceive the accessibility of higher education.

ARIZONA

An estimated seven million people live in Arizona, approximately 496,610 of whom attended one of 24 state public institutions of higher education (IHEs) in academic year 2015–16 (College Scorecard Data, 2018; U.S. Census Bureau, 2018; U.S. Department of Education, National Center for Education Statistics, n.d.). All but three of these institutions are 2-year or less-than-2-year colleges (U.S. Department of Education, National Center for Education Statistics, n.d.). While the majority of Arizona students in the public sector attend a 2-year or less-than-2-year institution (61%), the three public 4-year institutions of Arizona State University, Northern Arizona University, and University of Arizona collectively enroll the remaining 39%, placing them among some of the largest public universities in the country (College Scorecard Data, 2018).

Arizona has witnessed great changes to its higher education system within the past decade. Only Louisiana recorded a larger decline in the percentage change in state higher education spending per student from 2008 through 2017 (Arizona's was -41.4%, compared with an average decline of 11.6% nationwide [SHEEO, 2018]). Meanwhile, the COA at Arizona's three public 4-year universities has increased close to 52% for in-state, or resident, students since 2010 (Arizona Board of Regents, 2017). The most recent data from SHEEO (2018) show that Arizona continues to lag far behind the national average for state educational appropriations while exceeding the national average for net tuition revenue since 2014. Adding to this environment is a parallel trend of exceptional enrollment growth since the Great Recession, driven in part by increases in the share of low-income and minority students, especially Hispanics, matriculating from the K-12 system (Milem, Salazar, & Bryan, 2016). Despite consecutive nationwide declines in postsecondary enrollment over the last several years, Arizona has trended in the opposite direction: growing by 3.5% from 2016 to 2017 alone, whereas the national average fell by one percentage point (National Student Clearinghouse Research Center, 2017). Put another way, both the demand for and the cost of higher education in Arizona have climbed to record highs.

With more students attending college in Arizona, the need for financial aid has grown as well. Yet Arizona does not offer a comprehensive statewide need-based grant program administered by a state higher education coordinating body (College Success Arizona, 2017; Education Commission of the States, 2018). Instead, the landscape of financial aid opportunities for students is decentralized, such that institutions manage and disburse aid programs from public dollars they receive combined with their own sources of institutional revenue. For example, the Arizona Leveraging Educational Assistance Partnership (AzLEAP) provides need-based grants to low-income students awarded by participating institutions. However, the award amount is determined by the institution, and eligible colleges must supply matching funds to receive the state's share (Arizona Commission for Postsecondary Education, 2017). According to College Success Arizona (2017), the AzLEAP grant program has suffered from chronic underfunding; the average award amount is \$1,000 per academic year (Arizona Commission for Postsecondary Education, 2018), or 4.5% of the average COA for an in-state student at Arizona's public 4-year universities (\$22,158; Arizona Board of Regents, 2017). There is reason to believe that further strains will be placed on AzLEAP program funds, given the rise in low-income students who have helped drive undergraduate enrollment growth at Arizona public institutions (Milem et al., 2016).

FLORIDA

With a state population of 21 million and a total of 40 public IHEs, Florida serves nearly 1.1 million students across the whole of its public postsecondary sector (College Scorecard Data, 2018; U.S. Census Bureau, 2018; U.S. Department of Education, National Center for Education Statistics, n.d.). The price of a college education in Florida remains considerably lower than regional and national benchmarks (Southern Regional Education Board [SREB], 2017a) thanks to concerted efforts at the institutional and legislative levels to stabilize and even shrink tuition costs at public institutions. In the 2017–18 academic year, in-state tuition and fees averaged \$6,360 at public 4-year colleges in Florida, making Florida the second-least expensive state in the country for earning a 4-year degree (Ma et al., 2017). The average tuition and fees have actually declined in Florida compared to 5 years ago—one of only three states in the nation to have achieved a net decline. Thanks to its many low-cost options at the 2-year level as well, the community college system serves as the primary access point into higher education for most Floridians, with average in-district tuition and fees listed at \$3,240 for 2017–18 (Ma et al., 2017).



Though Florida has worked hard to keep tuition low, the economic diversification of the college-going population has tested the extent to which adequate financial aid supports are in place to assist new waves of students with financial need. Rising numbers of traditionally underrepresented students, such as low-income students, are graduating from Florida high schools and enrolling in higher education. Among all college students in the state, 53% are from low-income families based on Pell Grant receipt (Florida College Access Network, 2017). The racial-ethnic composition of higher education is changing as well: Hispanic student enrollment grew by 13% from 2010 to 2015, even as African American and Caucasian enrollments declined by 9% and 13%, respectively, during the same time period (SREB, 2017a). In addition, over one half of all college students in Florida are first generation, meaning they are the first in their families to attend college (College Scorecard Data, 2018; Florida College Access Network, 2017).

In the 2014–15 academic year, the most recent year for which data on aid distribution is available for public-sector students, Florida awarded larger proportions of aid on the basis of merit: 62% of all state aid came in the form of merit

aid, while 38% was awarded based on need (Parker, Sarubbi, & Pingel, 2018). Florida spent \$179 per student in need-based financial aid in 2014, significantly lower than the national average of \$508. By contrast, the state spent \$480 per student on non-need-based aid, more than twice the national average of \$218 (SREB, 2017b). In 2017–18, state officials doubled funding for the Bright Futures Program, the state's signature aid program for high-achieving students without regard for financial need. The Florida Student Assistance Grant, the state's primary need-based grant, which serves a larger pool of students than the Bright Futures program, also saw a significant increase in funding from years prior, but fell short of Bright Futures disbursements by about \$108 million (Florida Department of Education Office of Student Financial Assistance, 2018). Despite the state's commitment to increasing the total volume of financial aid available, debate continues over how those dollars are being spent, and which students benefit the most from increased public support.



LOOKING ACROSS SEVEN STATES' FINANCIAL AID POLICIES: EXAMINING ACCESS, DEGREE COMPLETION, AND DEBT

From a student perspective, the challenges described along the entry–progress–exit pipeline, in Arizona and Florida as well as those shared by all states, fit into three key issue areas that have recurrently surfaced throughout this report. Those issues can be summarized as: (1) **overcoming barriers to financial aid access**, occurring primarily at the “entry” stage of the pipeline; (2) **facilitating degree–completion goals**, spanning the “progress” to “completion” phases; and (3) **limiting student debt**, which has long–term repercussions for students’ future stability and well–being in the workforce, including the ability to achieve further life milestones, such as home ownership, successfully. Approaching financial aid challenges with this framing, in the remainder of this section we highlight some of the unique policy actions and strategies that state and institutional actors are adopting in their communities.

OVERCOMING BARRIERS TO FINANCIAL AID ACCESS

FAFSA COMPLETION

Every student who seeks financial aid from the federal government to help pay for college must complete the FAFSA. Many states require FAFSA submission when determining eligibility for state need– and merit–based awards as well. Yet according to figures released by the U.S. Department of Education, only 61 percent of high school seniors in school year 2016–17 successfully completed their FAFSAs by the time of graduation in 2017 (though this number is likely to go up thanks to the Department’s decision to expand the FAFSA application window to nine months instead of the previous six) (National College Access Network, 2018). For all the documented barriers to FAFSA completion (see, for example, Long, 2008), recent research on the role of personalized information delivery to students in the form of text messaging shows promise as an example of a data–driven approach to improving aid application and uptake. **Texas** is an example of a state that

has invested heavily in data systems that provide regularly updated, student–level information to school counselors through platforms such as the ApplyTexas Counselor Suite. Supported by the Texas Higher Education Coordinating Board, the portal is part of the ApplyTexas college application system through which all students can apply to virtually every public college (and some private colleges) in the state of Texas (ApplyTexas, 2018). It allows counselors to see which students have and haven’t completed their FAFSAs. This technology enabled researchers Page, Castleman, and Meyer (2018) to send weekly personalized text messages to students who had not yet completed the FAFSA. The intervention, part of a growing strand of research related to **behavioral nudges** in education, was found to increase FAFSA submission and completion by 5 and 6 percentage points, respectively, compared to students who did not receive the targeted texting campaign. Text–based nudging also helped increase college enrollment in the subsequent year by 4%.

COST TRANSPARENCY

FAFSA completion is a necessary first step to securing most forms of financial aid, but students must know how much college will cost before determining how much financial aid they are likely to need. It is unsurprising, then, that the issue of cost transparency emerged again and again in our research into the financial aid policies of seven states. In a positive development, many states have recognized that timely, accurate, and personalized information about college costs can be difficult to obtain from a student and family perspective, and the states are beginning to act. **California’s** community college sector has sought to present information across all its 118 institutions in a single portal called icanaffordcollege.com (California Community Colleges Chancellor’s Office, 2018a). Rather than going to each college’s website to access its net price calculator, students can visit icanaffordcollege.com and retrieve **customized estimates of cost and aid** for each institution, including estimates of books, supplies, housing expenses, and transportation costs. California’s information

campaign goes well beyond the web. The California Student Aid Commission’s (CSAC) Cal–SOAP, or California Student Opportunity and Access Program, sends “college tutors” into 126 public school districts to educate high school students about college costs and conduct outreach to parents with the help of local community–based organizations (CSAC, 2018). In a state with some of the highest cost–of–living figures in the country, outreach activities by state agencies and local partners help residents navigate the aid application process to reveal those intimidating COA figures.

POLICY IN ACTION

The **Arizona State University** Financial Aid and Scholarship Services makes a concerted effort to demystify the aid process, beginning with clear messaging on the university’s financial aid website. Aid administrators have developed a number of tools for students to estimate expected costs and aid based on their specific living circumstances and residency status. These tools include detailed tables of the current–year COA and searchable databases of institutional aid opportunities, among many other features. Crucially, many of these tools allow students to enter their own information or view how costs and aid vary by characteristics such as family income and expected housing arrangements.

AVAILABILITY OF GRANT AID

Many states in our sample provide some kind of state–sponsored grant aid, either on the basis of academic merit or financial need. Among others profiled in this report, these include Massachusetts’ MASSGrant and the Oregon Opportunity Grant. Some states, such as Texas, design grant programs for specific levels and sectors of their postsecondary education systems: the Texas Educational Opportunity Grant (TEOG), for example, specifically serves the public 2–year institutions in the state, while the Toward EXcellence, Access, and Success (TEXAS) Grant Program serves the public 4–year institutions in the state, and the Tuition Equalization Grant (TEG) Program serves private institutions. Grant aid availability is important for all resident students, lowering the net price that would otherwise have to be covered by savings, income, or loans. Research has also shown that awarding grant aid translates into increases

in enrollment on the order of 4% for each additional \$1,000 received (Dynarski, 1999). Grant aid, therefore, can be used as a policy lever for reducing barriers to college access, and it can actually help spur enrollment among students who might otherwise have forgone attendance.

Recently, some states have begun offering **targeted grant assistance** for students who intend to enroll in specific segments of higher education. The **Oregon Promise Grant** is targeted at increasing access to Oregon’s community colleges among recent high school graduates and GED recipients, providing between \$1,000 and \$3,540 to cover the cost of most tuition and fees (Oregon Higher Education Coordinating Commission, 2018). The universal eligibility component behind the Oregon Promise means that there are no restrictions on income or other demographic characteristics to receive the award. It does, however, stipulate a 2.5 minimum high school GPA. The **California College Promise grant**, mentioned previously in this report, is an example of a need–based grant award. It waives enrollment fees at California community colleges for students who receive federal financial assistance from programs such as Temporary Assistance for Needy Families, who have a minimum unmet financial need as determined by the FAFSA, or whose household income is equal to 150% or less of the federal poverty line (California Community Colleges Chancellor’s Office, 2018b). The focus on need–based grant aid is a hallmark of California’s approach to financial aid policy, helping make it the most generous state in the country in terms of non–loan aid disbursed. In academic year 2018–19, the state will award \$2.2 billion in grant aid to students (CSAC, 2017).

FOCUS ON STUDENTS: Dreamers

An estimated 1.3 million individuals eligible for Deferred Action for Childhood Arrivals (DACA) live in the United States today (Migration Policy Institute, 2017). These “dreamers” are not eligible for federal financial aid, but many states offer in–state tuition rates and other forms of aid to these students.⁸ **California, Florida, Oregon, and Texas**, for example, offer in–state tuition to dreamers. In California⁹ and Texas¹⁰, state financial aid application forms have been designed specifically for those students who are ineligible to file for a FAFSA due to their immigration status. The forms allow alternate forms of identification other than a social security number.

⁸ See, for example, the 18 states profiled in the National Conference of State Legislatures’s 2015 research, “Undocumented Student Tuition: Overview”: <http://www.ncsl.org/research/education/undocumented-student-tuition-overview.aspx>.

⁹ <http://www.csac.ca.gov/california-dream-act>

¹⁰ <http://www.theccb.state.tx.us/reports/PDF/9963.PDF?CFID=81659594&CFTOKEN=29620867>





FACILITATING DEGREE-COMPLETION GOALS

CREDIT ARTICULATION

For some time now, the benefits of dual credit and dual enrollment have been touted within the researcher and practitioner communities alike. Research shows that dual enrollment participation is associated with higher rates of college enrollment and persistence, greater credit accumulation, and a higher college GPA (Community College Research Center, 2002). To the extent that earning credits prior to postsecondary entrance translates into faster degree completion, it should also translate into cost savings for students who may not have to spend a full 2 or 4 years in their programs. This is the logic behind **Georgia's** Dual Enrollment policy, previously called the Move on When Ready program. Beginning their junior year in high school, Georgia public school students can get dual enrollment costs at a local postsecondary institution paid for by the state, and **earn guaranteed college credits that will articulate to eligible institutions** (dependent upon course performance). In **Florida**, too, the state covers the costs of enrolling in dual enrollment courses for all public school students. While dual enrollment is not a new strategy in terms of academic acceleration, more states are developing articulation policies and agreements between K-12 and postsecondary systems to leverage dual enrollment's potential as a cost-saving mechanism for students who wish to move through college in a timely manner.

GAP STRATEGIES FOR PERSISTENCE

Another example from Georgia shows how small amounts of financial aid, deployed at the right time, can help struggling students graduate. Each year, hundreds of Georgia students are expunged from course rosters due to outstanding balances on their accounts. Some were for infractions as small as an overdue library book, while others were for a campus fee or an outstanding credit hour charge. **Georgia State University** adopted a data-driven approach to

keeping these students in school, first examining who these students were and analyzing the amounts they owed upon dropout. It turned out that most students owed fees that totaled no more than a few hundred dollars. Georgia State realized it could increase persistence and completion rates by **providing emergency funds (or "micro grants")** to students who were otherwise unable to pay off their balances. These Panther Retention Grants have enabled thousands of Georgia State students to overcome small financial barriers in the course of degree completion, where once their studies were derailed—and financial aid lost. In exchange for receiving the money, students agree to activities such as meeting with a financial counselor to determine a plan for funding their remaining studies (Georgia State University, 2018). Panther Retention Grant recipients have demonstrated increased persistence and graduation rates, underscoring how an institutional financial aid policy can be used as a tool for boosting student success.

POLICY IN ACTION

University of South Florida (USF) has taken a "case management" approach to monitoring student persistence, using predictive analytics and cross-campus professional teams to identify and support at-risk students. A campus-wide persistence committee brings together individuals with diverse knowledge of college processes, including financial aid officers, institutional researchers, and academic advisors. They draw on institutional data from their respective offices to locate students at risk of not progressing to the next semester, then intervene before they fail a class, miss a payment, or forget to complete a required form. The collaborative approach has helped administrators achieve a host of interrelated campus goals, such as closing the attainment gap between Pell-eligible students and their higher-income peers, and eliminating the Black-White attainment gap altogether, leading The Education Trust (Nichols & Evans-Bell, 2017) to declare USF the top-performing institution in Florida, and sixth in the nation, for Black student success.

TRANSFER POLICY

One way to accelerate degree completion is to streamline student transfers between higher education segments, such that students spend less time making up missing degree requirements and more time building on the work they've already done. An estimated 43% of credits earned in community college fail to count for credit toward a degree when transferring to 4-year institutions (U.S. Government Accountability Office, 2017). Some states, including **Arizona**, have created general curricula to ease the transition. The Arizona General Education Curriculum courses transfer as a block of 35-37 credits to any of the three state 4-year institutions. Completing the block of courses with a GPA of 2.5 or higher guarantees admission to any of these universities. **Oregon** legislation passed in 2017 requires all Oregon community colleges and public universities to evaluate their curricula for students who intend to transfer. They must establish a foundational curriculum of at least 30 academic credits using courses offered at all Oregon public colleges and universities, known as the Oregon Transfer Module (Anderson, 2018). The law stipulates that transfer students must be able to transfer each credit to an Oregon 4-year institution and count those credits toward degree requirements. Moreover, the law requires all community colleges and 4-year colleges to develop statewide articulation agreements for each major allowing transferring students who completed approved courses to transfer to a public university with the guarantee of credit acceptance, without the need to retake a course previously completed. Few states can boast a transfer policy as student-centered as Oregon's. It forces institutions to coordinate on behalf of improving degree completion goals, rather than retreat behind idiosyncratic policies that complicate the student trajectory to graduation.

What is satisfactory academic progress?

SAP refers to the progress-toward-credential standards set by each institution that are required to be met in order to maintain financial aid.

POLICY IN ACTION

Financial aid administrators at **Hillsborough Community College** in Tampa, Florida, are not just focused on helping students secure aid when they first start school. Rather, they have devoted more resources in recent years to counseling students on how to keep their aid as they progress through their programs of study. A chief culprit in the loss of aid from term to term is **maintaining satisfactory academic progress**, as some students struggle to keep their grades up. To address this challenge, school administration has focused its efforts on directing at-risk students to resources such as the school's Academic Success Center, and communicating satisfactory academic progress requirements online and in advisory settings. It also implemented a college success program called Student Life Skills, which includes a series of courses designed to help students select, plan for, and complete a program of study.

FOCUS ON STUDENTS: First Generation Students

Florida offers a First Generation Matching Grant: a need-based grant program available to degree-seeking, resident, undergraduate students whose parents have not earned a bachelor degree. Participating institutions set the award amount and specific eligibility criteria, then receive matching funds from the state to subsidize enrollment (Florida Department of Education Office of Financial Student Assistance, 2017). **USF** (2018), for example, funds its share of the program through donations to the USF Foundation. Students may renew each year they are in school as long as they **maintain satisfactory academic progress**.

HELPING STUDENTS COMPLETE COLLEGE WITHOUT EXCESSIVE DEBT

CAPPING COSTS

To help students complete college without excessive debt, policymakers occasionally must choose between seemingly opposing strategies: eliminate the need for loans by dramatically increasing the supply of grant aid, or target the cost side of the equation, restricting college costs to align with existing aid opportunities and families' ability to pay. **Massachusetts** has tried both, providing selected need-based grant aid programs while also experimenting with capping college costs. **State-mandated tuition caps** have helped keep tuition from rising above the rate of inflation. However, they have created the perhaps unintended consequence of unleashing a trend of fee hikes from year to year as institutions seek to recapture the lost tuition revenue through other means.

Another program, though, is attempting to contain the overall cost of a degree by encouraging students to follow transfer pathways into 4-year institutions. The Massachusetts Commonwealth Commitment is in its third year of implementation. It provides community college students who transfer within 5 semesters a 10% rebate on tuition if they maintain full-time enrollment and a 3.0 GPA, while also **locking in tuition at the rate of the time of transfer**. The program both limits year-to-year costs for individual students and reduces the time to degree completion. By locking in tuition at a set rate, rather than allowing it to rise with the market with each successive year of enrollment, students can more accurately predict the financial impact of completing a degree and determine the right amount of aid they will need.

POLICY IN ACTION

Two colleges in the **Maricopa Community College District** struggled with high student loan default rates, putting those schools' federal Title IV funding (which allows schools to offer federal financial aid) at risk. Faced with the prospect of losing its ability to award federal financial aid in two of its schools, the district took a different approach to awarding loans district wide. Instead of offering students the full amount of subsidized and unsubsidized loans they are eligible for up front, Maricopa Community Colleges offers students awards up to the base amount of subsidized loans based on financial need first, with the option to request additional unsubsidized loans up to the maximum, if needed. Students who opt to take on loans up to the full amount must take financial education and complete additional forms to access additional funds.

LOAN REPAYMENT

When students must take out loans, there are ways to minimize their loan burden and shorten the long-term repayment timeline. Massachusetts and Georgia both offer programs intended to reduce debt accumulation due to loan interest, thereby helping students repay the principal without continually seeing large portions of their payments go to paying down interest. The **Massachusetts No Interest Loan (NIL)** program offers **zero-interest loans** to assist students with the costs associated with pursuing a credential or degree program, and students have 10 years to repay the NIL balance. Originally intended to help middle-income students who were ineligible for the need-based grants aimed at their low-income peers, the NIL's funding model has matured into a self-sustaining program: repayment collected from older cohorts now goes directly back into funding new loans for upcoming cohorts of students. For students who have exhausted all other non-loan aid sources in **Georgia**, the state's Student Access Loan serves a similar purpose as a **last-dollar award for educational costs not covered by grant aid**. This award ranges from \$300 to \$4,000 per term, has a fixed 1% interest rate during the lifetime of the loan, and can be used at nearly any Georgia public 4-year or 2-year institution (including technical schools) in addition to private institutions. Students have up to 15 years to repay the balance. Some repayment plans for federal loans, by contrast, can stretch into 30 years, depending on the monthly repayment amount and interest rate, during which time any unpaid loan interest continues to capitalize with the balance.

FOCUS ON STUDENTS: Middle Class Students

California, recognizing that college affordability is an issue that bridges class divides, offers a Middle Class Scholarship for undergraduates with family incomes and assets up to \$165,000, in a state with steep average cost-of-living standards (see Glasmeier, 2018). The award covers up to 40% of system-wide tuition and fees at the University of California and California State University campuses. It helps this overlooked population limit the amount they would otherwise take on in loans to access a state public education system considered by many to be nation's finest historical engine of opportunity and prosperity for its residents.

RECOMMENDATIONS

Recognizing the importance of a student-centered approach to financial aid, one which prioritizes designing programs around student needs (see Sponsler & Pingel, 2015), we offer a set of recommendations with implications for states, IHEs, and communities (including businesses, nonprofits, philanthropy, and school districts). These recommendations are based on the findings from this study, prior relevant research, and related literature that contributed to the production of this brief.

1. BOLSTER INFORMATION SYSTEMS TO HELP STUDENTS ACCESS AND USE INFORMATION ABOUT FINANCIAL AID.

Students need access to accurate and clear information about college costs and financial aid opportunities. Increased transparency and access to information at all stages of the process would improve student understanding of the financial aid landscape.

IMPLICATIONS FOR STATES

Examine state financial aid websites with a student lens. Consider how easy it is for students to access information about aid opportunities. Look for gaps. States can carefully examine the ways that aid information is organized on public pages, and consider whether information is presented in the most user-friendly format. To fill identified gaps, states can consider leveraging data from other websites (e.g., federal, IHEs, community organizations) and aggregating that information on a single comprehensive portal to inform student decisions. For example, Georgia's state financial aid agencies operate a student-facing website called GAfutures.org, which is specifically designed with the student perspective in mind. It features easy-to-navigate tabs and highlighted resources with titles such as "Find State Financial Aid Programs" and "Earn College Credits in High School." Each page provides detailed information on eligibility and application requirements for all state and federal awards available to students. The site also features a student log-in portal for tracking applications and college searches in one place.

IMPLICATIONS FOR IHEs

Make personalized information on cost, aid, and debt available on institution websites and other forums frequented by the public. This information should be posted in a way that a range of audiences (prospective and continuing students, their parents, counselors, and more) can easily access. It also should allow users to customize the information displayed to them based on self-reported characteristics such as household income and dependency status. In this study, Arizona State University emerged as an exemplar in this area for the myriad resources it provides to obtain individualized information on true cost and aid.

THE ROLE OF COMMUNITY-BASED ORGANIZATIONS IN BOOSTING FAFSA COMPLETION:

In school year 2017-18, the **Florida College Access Network (FCAN)** launched its third annual Florida FAFSA Challenge. Initially, the purpose of the challenge was to increase awareness and engagement around FCAN's interactive, school-level FAFSA dashboard, (floridacollegeaccess.org/research-and-data/florida-fafsa-challenge-dashboard/) and to encourage friendly competition among schools and districts over trophies and formal recognition at the organization's annual summit. During the second year of the Florida FAFSA Challenge (2016-17), Florida's FAFSA completion rate rose 9.8% to become the third-highest in the nation. FCAN's use of data dashboards to promote FAFSA completion efforts have been replicated by a number of other states.

IMPLICATIONS FOR COMMUNITIES

Coordinate outreach efforts with states, IHEs, and other entities to build on existing information systems. For example, community organizations and local business partners can serve important roles as disseminators of FAFSA information to schools and families, or as facilitators for helping students find grant and scholarship opportunities. In a landmark study of the H&R Block FAFSA Experiment, researchers Bettinger, Long, Oreopoulos, and Sanbonmatsu (2012) found that low- and moderate-income families who received assistance filling out their FAFSAs and an estimate of their aid eligibility were more likely than non-assisted families to submit an aid application, enroll in college the following fall, and receive more financial aid support. The H&R Block case demonstrates the role that local businesses can play in connecting the community with information about aid sources and application procedures.

2. RETHINK HOW AID CAN BE USED TO SUPPORT DEGREE AND CERTIFICATE COMPLETION, RATHER THAN SUPPORTING ACCESS ALONE.

Students need a long-range plan and aligned supports to achieve the goal of degree or certificate completion.

IMPLICATIONS FOR STATES

Set aside small “emergency funds” to help struggling students at risk of dropout due to financial hardship cover the outstanding balances on their bills. While this is an idea that some institutions have adopted as a local campus initiative (see Georgia State University’s Panther Retention Grants for an example), these so-called micro grants could best be administered by a state coordinating agency with the capacity to allocate resources according to the neediest cases statewide. Drawing on state data information systems, the agency could set informed, equitable cutoffs and award amounts based on a more comprehensive picture of the state student population, and target those awards to students in a timely manner.

IMPLICATIONS FOR IHEs

Pair state support with systematic advising practices that proactively identify students at risk of dropout and trigger face-to-face counseling interventions to help them stay on track. The cases of Georgia State and USF provide examples of how some forward-thinking colleges are embracing this data-driven approach. IHEs can also establish guided pathways to support degree completion. As mentioned

previously, Arizona public institutions use an Arizona General Education Curriculum with a set of courses that transfer from community colleges to the state universities. This structure ensures that the courses students take at community college will keep them on track for a timely university graduation and shorten the amount of time they are paying more expensive university tuition. Similarly, the California Guided Pathways Project provides program maps with specific course sequences and milestones to help students track and make progress toward their goals.

IMPLICATIONS FOR COMMUNITIES

Think local. In recent years, College Promise programs have proliferated throughout the country as a community-based solution addressing the college access, completion, and affordability challenge. Promise programs are premised on the notion that no one sector of the community can solve this complex challenge on its own. While a community’s “promise” always involves some form of financial commitment to help offset college costs for students, each model employs a host of other student academic and programmatic supports because degree completion is about more than just handing money to students. These supports can include activities such as financial literacy awareness beginning in the middle grades, early and frequent academic advisement once students are enrolled, and cohort-based experiences that help build a sense of community around the shared goal of graduation. Many College Promise models offer opportunities for community-based organizations, such as philanthropy and the non-profit sector, to pair their resources and services with Promise students at key points along the trajectory to graduation. To date, California boasts the highest concentration of Promise programs in the country, with the Long Beach College Promise—a partnership between Long Beach City College, California State University–Long Beach, and the City of Long Beach—among the most recognized and established programs in the country.

3. FOCUS EFFORTS ON REDUCING THE LOAN BURDEN FOR STUDENTS, ESPECIALLY FOR VULNERABLE POPULATIONS.

Students need aid options that help limit their reliance on loans to cover the full cost of college.

IMPLICATIONS FOR STATES

Develop policies that incentivize students to maximize aid from non-loan sources, and do not punish students for pursuing these opportunities. For example, Maryland

recently banned the practice of “scholarship displacement,” in which institutions lower the grant-aid package they offer to students when outside aid sources are included. State policies like this help communicate that loan aid should be used only after exhausting all sources of grant aid, and encourage students to apply to more non-loan aid sources. Another example is the use of targeted, criterion-based grant aid designed to assist students from traditionally disadvantaged backgrounds, who may be less knowledgeable about financial aid and take on unnecessary debt when they could receive non-loan aid instead. Florida has set a national example in this regard through the establishment of the First Generation Matching Grant program. Additionally, as part of Texas’ 60x30 Higher Education Strategic Plan, which aims to equip 60% of Texans between the ages of 25 and 34 with a postsecondary credential by 2030, the state has specifically called out a student debt goal as part of its postsecondary strategy. The plan outlines that by 2030 the average student debt load among graduates of public institutions should not exceed 60% of first-year wages upon entry to the workforce (a metric commonly called the debt-to-earnings ratio). This unusual move by a state to publicly declare a goal for debt containment as a pillar of its statewide strategic plan speaks volumes about the symbolic importance of reducing loan burdens for students. It may also have the long-term effect of influencing institutions’ behavior for fear of landing on the wrong side of the 60% cutoff when examining their graduates’ debt-to-earnings ratios.

IMPLICATIONS FOR IHEs

Re-examine cost-of-living calculations and consider how non-tuition expenses impact various students when awarding aid packages. Because cost of living factors so strongly into the published COA, the ceiling for what a student may receive in financial aid can be artificially deflated if the college underestimates cost of living. California is an example of a state that has recently voted to require public universities to annually update and publish cost-of-living estimates that reflect current market rates for rental units close to campus. Institutions can play their part by proactively maintaining accurate data on housing and other expenses (such as textbook and transportation costs), and use this information to determine income-specific cost-of-living calculations. For instance, commuting students and residential students may face quite different costs related to transportation and housing needs; their COA burdens may vary as a result. Providing COA estimates for multiple profiles of students could lead to more equitable awarding of aid funds, and help institutions target limited grant-based aid to the students with the greatest demonstrated need.

IMPLICATIONS FOR COMMUNITIES

Advocate for more research, awareness, and reporting on the impacts that student loans are having on today’s college students. When students graduate from college with excessive debt—or drop out with unpaid loan balances—they are less equipped to give back to the local community in the form of consumer spending, home ownership, and more. Unmanageable student debt is preventing some Americans from achieving the life milestones that previous generations could afford to pursue at comparable ages. Often, the most disadvantaged students are affected the most. Community leaders can be a voice for these students and amplify their stories across the offices and legislative chambers of those who shape the nation’s financial aid policies.

These recommendations are by no means the perfect or only solutions to the college affordability challenges facing students and families today. However, we believe that an informed conversation around financial aid policy must look beyond how (and how many) students access aid, and instead focus on how financial aid supports students at all stages of the entry, progress, and completion journey. It is this student-centered perspective that we hope will inform future policy discussions around designing state financial aid systems that respond to the needs of the millions who enter and exit postsecondary education each year. The examples featured in this brief demonstrate how some states, across a wide spectrum of political, economic, and social contexts, are taking the lead in these important conversations.



APPENDIX A. METHODOLOGY

ABOUT THE SAMPLE

This study draws on data from interviews with state and higher education leaders, agency and institution websites, and statistical reports from the U.S. Department of Education and similar public sources. The figures and observations summarized from these data sources are supplemented with research from the literature on financial aid policy, the full citations for which can be found in the references.

To develop an understanding of the financial aid policies of seven states, including Arizona and Florida—the two states which Helios Education Foundation serves—the study team selected a sample of states whose demographic characteristics and policy environments were substantially different enough from each other to yield broad insights into the range of ways in which states structure financial aid policy. This purposive sampling technique considered such factors as racial/ethnic composition and educational attainment of the population, geographic location, historical policies related to higher education access and opportunity, and postsecondary outcomes by race and socioeconomic status. From these parameters, the study team selected California, Georgia, Massachusetts, Oregon, and Texas as five states whose financial aid policy contexts served as instructive case studies for comparison with Arizona and Florida. The team identified key informants at state higher education coordinating bodies and similar agencies, and institutional leaders at four spotlight institutions in Arizona and Florida: Arizona State University (four-year), Maricopa County Community College District (two-year), University of South Florida (four-year), and Hillsborough Community College (two-year). Upon completion of the study, informants were given the opportunity to review the accuracy of the information reported on their states and institutions.



ABOUT THE DATA

Data sources included informant interviews and review of extant data. Informant interviews were conducted with 22 staff from state higher education coordinating bodies and similar agencies from the seven states in the sample and eight institutional leaders in Florida and Arizona. Interviews were approximately one hour and conducted over the phone or in-person using a semi-structured interview protocol. Interviews took place during the 2017–2018 academic year.

The primary source for statistical data on the enrollment, completion, aid, and debt of public postsecondary students comes from the federal White House College Scorecard. The Scorecard draws on multiple federal data sources, including the Integrated Postsecondary Education Data System (IPEDS), the National Student Loan Data System (NSLDS), and the U.S. Treasury, to report on the postsecondary outcomes of all colleges and universities in the United States that receive Title IV federal financial aid. Outcomes are reported at the institutional level, not the student level; because of this aggregation, measures can refer to different comparison groups. For example, most measures describe degree- and certificate-seeking undergraduate students who receive federal grants and loans, and can include both full- and part-time students. Some measures, such as completion rates, refer to first-time, full-time undergraduate students only, inclusive of students who receive no federal financial aid. This is a different population from the population of first-time, full-time undergraduate students who receive federal financial aid, which is estimated to be about 85 percent of all first-time, full-time enrollments at four-year institutions and 78 percent of first-time, full-time enrollments at two-year institutions.¹¹ For the purposes of this study, we further restrict the sample to public institutions and exclude schools that provide distance education only. Finally, for most measures, figures refer to the academic year 2014–15 cohort, corresponding to data collection waves conducted in 2015–16 but, due to differences in reporting periods, some measures represent different academic years. For more about the College Scorecard and the structure of the data, please refer to the Data Documentation for College Scorecard (Version: March 2018).

For all other data sources cited in this report, figures are reproduced as they appear in the original source file. These include estimates from the College Board, the National Center for Education Statistics, and the Census Bureau, among others. Please refer to the references section for complete citations for these data sources.

¹¹ U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2002, Spring 2007, Winter 2011–12, and Winter 2016–17, Student Financial Aid component. See https://nces.ed.gov/programs/coe/indicator_cuc.asp.

APPENDIX B. SNAPSHOTS OF THE STUDY SAMPLE

Table 1: Demography. Characteristics of states, public postsecondary institutions, and students, compared to the U.S. average.¹³

	AZ	CA	FL	GA	MA	OR	TX	US
Total number of public Title IV IHEs	31	159	86	54	41	26	104	1,963
Percentage of the population with a bachelor's degree or higher ¹⁴	28.0%	32.0%	27.9%	29.4%	41.2%	31.4%	28.1%	30.3%
Total undergraduate certificate/degree-seeking students	277,010	1.9m	678,710	348,103	182,079	161,216	1.1m	11.7m
Percent African American	5.6%	6.5%	19.9%	38.7%	14.9%	1.8%	13.4%	14.1%
Percent American Indian/Alaska Native	9.9%	0.5%	0.4%	0.3%	0.3%	1.6%	0.5%	2.6%
Percent Asian	2.8%	12.7%	2.0%	2.5%	3.6%	3.0%	4.2%	3.6%
Percent Hispanic/Latino	28.2%	41.7%	20.8%	6.0%	11.1%	13.2%	35.7%	14.0%
Percent Native Hawaiian/Pacific Islander	0.3%	0.5%	0.2%	0.1%	0.1%	0.5%	0.2%	0.5%
Percent White	44.5%	28.4%	51.4%	47.8%	63.3%	67.7%	39.2%	57.9%
Percentage of undergraduates who are first-generation students	47.0%	53.9%	48.7%	40.7%	43.5%	44.2%	47.5%	45.5%
Completion rate at 4-year institutions ¹⁵	53.7%	62.5%	43.7%	30.2%	57.5%	47.3%	40.2%	45.6%
Completion rate at institutions of less than 4 years	20.5%	31.4%	56.5%	29.1%	46.2%	19.9%	16.9%	35.9%
Percentage of undergraduates who receive a Pell Grant	36.2%	34.2%	41.5%	55.6%	42.1%	42.8%	38.1%	39.8%
Percentage of undergraduates who receive a federal student loan	27.0%	14.5%	29.4%	45.6%	46.0%	42.7%	30.0%	36.9%
Median debt	\$7,742	\$8,097	\$8,649	\$9,933	\$10,772	\$10,469	\$8,326	\$9,777
For students who completed	\$11,870	\$10,618	\$11,855	\$16,014	\$15,118	\$17,255	\$12,770	\$14,564
Non-completers	\$5,551	\$6,729	\$6,418	\$7,400	\$6,546	\$7,718	\$6,325	\$6,738
Pell students	\$8,479	\$8,332	\$9,266	\$10,791	\$11,166	\$12,137	\$8,998	\$10,582
Non-Pell students	\$6,596	\$7,495	\$7,306	\$7,851	\$10,219	\$7,616	\$7,163	\$8,451
First-generation students	\$7,890	\$8,166	\$8,994	\$10,519	\$11,065	\$10,953	\$8,542	\$10,076
Not-first-generation students	\$7,637	\$8,156	\$8,386	\$9,649	\$10,529	\$10,113	\$8,163	\$9,597

¹³ Author's calculations from the White House College Scorecard Data (2018), unless otherwise noted. Estimates refer to public institutions only.

¹⁴ U.S. Census Bureau, American Community Survey 5-Year Estimates. Includes persons aged 25 years and older only. Source: <https://www.census.gov/quickfacts/fact/table/US/PST045216>

¹⁵ All completion figures are reported in 150% of expected time and refer to first-time, full-time undergraduate students.

Table 2: Cost. The average cost of going to a public college, by institution type. Source: White House College Scorecard Data (2018).

	AZ	CA	FL	GA	MA	OR	TX	US
Number of four-year colleges and universities ¹⁶	9	32	37	29	13	7	36	702
Average cost of attendance	\$20,999	\$22,969	\$14,127	\$17,433	\$22,420	\$21,859	\$18,479	\$19,222
Average net price	\$11,783	\$11,367	\$8,695	\$11,439	\$17,124	\$16,051	\$11,268	\$12,842
Average discount	44%	51%	38%	34%	24%	27%	39%	33%
Number of two-year-or-less institutions	20	113	8	24	16	17	60	1,261
Average cost of attendance	\$11,658	\$12,528	\$14,317	\$11,316	\$12,452	\$13,065	\$11,168	\$12,268
Average net price	\$7,264	\$6,404	\$9,802	\$5,058	\$8,278	\$8,526	\$6,254	\$7,328
Average discount	38%	49%	32%	55%	34%	35%	44%	40%

Table 3: Aid. Distribution of aid available to students in each state, by source and type. Source: Adapted from Education Commission of the States (2018).¹⁷

	AZ	CA	FL	GA	MA	OR	TX
Total funding for financial aid, by source of aid (in millions of dollars)	\$1,600	\$8,400	\$3,300	\$2,300	\$1,000	\$746	\$5,200
Funding: Pell grants	\$420	\$2,800	\$1,100	\$599	\$267	\$214	\$1,600
Funding: Federal loans	\$584	\$1,600	\$1,100	\$882	\$504	\$300	\$1,800
Funding: State aid	\$23	\$1,600	\$364	\$551	\$57	\$53	\$536
Funding: Institutional aid	\$611	\$2,400	\$660	\$266	\$219	\$179	\$1,300
Proportions of financial aid disbursed, by type of aid							
Pell grants	26%	33%	33%	26%	27%	29%	31%
Federal loans	36%	19%	33%	38%	50%	40%	35%
Institutional financial aid	38%	29%	20%	12%	22%	24%	25%
State financial aid	1%	19%	11%	24%	6%	7%	10%
Proportion disbursed on the basis of merit	0%	0%	62%	94%	96%	0%	0%
Proportion disbursed on the basis of need	100%	100%	38%	6%	4%	100%	100%

¹⁶ The College Scorecard counts some branch campuses as separate institutions, for the purposes of calculating outcomes by site. This results in Arizona, for instance, listed as having nine four-year institutions instead of the typically quoted three.

¹⁷ Data come from a variety of federal sources spanning academic year 2014 through 2017, depending on the measure. See: Parker, Sarubbi, & Pingel (2018).

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PHOENIX OFFICE

2415 E. Camelback Road, Suite 500
Phoenix, AZ 85016-4488
PH: 602-381-2260

TAMPA OFFICE

101 E. Kennedy Blvd., Suite 2050
Tampa, FL 33602
PH: 813-387-0221



www.wested.org

HEADQUARTERS

730 Harrison Street
San Francisco, California 94107
Toll-free 1-877-4-WestEd (877-493-7833)
PH: 415.565.3000