



## Strengthening State Investment in College Affordability

### Insights & Recommendations from Redesigning Student Aid in New England

College affordability is an issue that resonates with students and their families, higher education institutions, the business community, and states across the nation. Nowhere is this truer than in New England—a region whose livelihood has been built on an economy of college-educated workers, but is now threatened by dramatic increases in college costs and a declining pool of high school graduates. For the region and its residents to thrive in this increasingly knowledge-based economy, an accessible, affordable, high-quality college education is critical.

State financial aid can play a significant role in making college affordable. Especially when aligned with state approaches to tuition and institutional appropriations, aid to students can dramatically and strategically lower the cost burden for enrolling in and completing postsecondary education. New England states have recently been considering or implementing innovative approaches to state financial aid, such as children's savings accounts, which leverage multiple sources of funding with family engagement to incentivize students' academic and financial preparation for college.

#### About *Redesigning Student Aid in New England*

**In an effort to support college affordability in the region, the New England Board of Higher Education (NEBHE) initiated the *Redesigning Student Aid in New England* project (*Redesigning Aid*) in 2014.** Funded by Lumina Foundation, *Redesigning Aid* combined custom state financial aid research with expertise of national experts and regional practitioners to support states committed to analyzing and redesigning state financial aid programs and policies.

Three New England states were selected for participation in *Redesigning Aid* through a competitive request for proposal process. The three were Maine, Massachusetts and Rhode Island.

All six New England states were represented on the project's Regional Advisory Council (*See Appendix A*). The Council included state financial aid administrators, consumer advocacy groups, higher education institution staff and college students. The Council provided NEBHE with guidance and advice throughout the lifespan of the project.

In addition to serving as advisors, Council members reflected on significant insights gleaned from *Redesigning Aid*—specifically, what state actions can have meaningful impact on college affordability in New England. Common to each Council discussion was the drive to address college affordability—a regional issue—with a cohesive regional approach. **NEBHE envisions that these insights can be used to inform state policy and institutional practice—ideally, on a regional scale.**

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[www.nebhe.org](http://www.nebhe.org)

## Insights from *Redesigning Student Aid in New England*

### **1. State goals and student needs have dramatically shifted, but the design and characteristics of state financial aid programs have not.**

Many New England states' primary financial aid programs look very similar today to what they looked like decades ago: block grants for full-time study awarded to students based on their financial need, as determined by a formula used in the Free Application for Federal Student Aid (FAFSA), assessed the spring before students' fall enrollment. Designed to increase college access chiefly for students enrolling immediately after high school graduation, these grants covered a majority of tuition and required fees—which did not typically increase significantly throughout a student's enrollment.

Both student enrollment patterns and the desired outcomes tied to state financial aid programs have evolved significantly in the intervening decades. Students who attend college full-time, continuously and immediately after high school graduation comprise a decreasing percentage of all students enrolling in higher education. Further, states have experienced great increases in college access, and now look to state financial aid programs as a means of improving college completion. While state higher education leaders recognize these shifts, the design and characteristics of state aid programs have not followed suit. For example, as a function of state budget cycles, most programs have spring deadlines—despite aid not being disbursed until late summer. This often leaves behind students who delay their decision to attend college and/or apply for aid until closer to the beginning of the academic year. These students are more likely to be adult learners and to have higher financial need. Additionally, consider that state grants are typically the same amount or less each year, while tuition and required fees rise each year, leaving students with a greater and greater financial burden to assume. The increased burden often derails students' plans to complete a degree.

#### **Recommended actions for higher education leaders:**

- Seek direct feedback from current students on how they experience and use financial aid and how state aid could better address their financial barriers to college.
- Draw on evidence and lessons learned from other states' financial aid pilot programs and from independent research on state aid programs and policy.
- Provide meaningful depictions of students and their needs in the ways most likely to improve policymakers' understanding of them. These may include:
  - ♦ Student testimony or panels during discussions on state aid policy and programs;
  - ♦ Policymaker visits to campuses;
  - ♦ Data analysis of current students (e.g. using state data systems or the National Student Clearinghouse) alongside estimates of potential student populations, such as adults with some college but no degree who could return to higher education, or projections of future high school graduates; and
  - ♦ Anecdotes, quotations or personal stories of actual students to complement data.

### **2. Higher education leaders can help ensure that legislative interest in college affordability is an opportunity—if they are prepared to respond to it.**

As talent development and retention of the next generation of workers has taken center stage in New England, college affordability has become a more urgent state priority. State legislators and governors are increasingly turning to study commissions and changes in legislation or state policy to address the increasing cost of attending college. Key to making effective legislative or policy changes is having full information and a nuanced understanding of how financial aid impacts college enrollment and completion.

Higher education leaders play a critical role in providing this information. Just as many higher education leaders in the region operate—and innovate—under the assumption that states are not likely to make dramatic new investments in higher education, financial aid administrators should operate on the assumption that state legislative interest is inevitable and a valuable opportunity for information sharing and potential partnership. If leaders expect and welcome legislative interest each year, they will be better equipped with the tools and resources to respond to inquiries effectively, thereby educating and informing legislators appropriately.

## Recommended actions for higher education leaders:

- Approach legislative and governors' interest in college affordability as an opportunity to partner with state leadership, the business community, foundations and students and families to develop or reform program goals, design and funding.
- Maintain transparency of state aid programs through yearly reports or updates that describe impact on students and institutions.
- Develop data and reporting systems that can be used to respond to legislative inquiries on short notice (e.g. semi-automated or template reports).
- Use independent, third party experts and resources to respond to state needs and legislative interest. These resources are available to states free or at low cost. (*See textbox at right.*)

### Resources to Help Leaders Respond to Legislative Interest

Several organizations offer free or low cost resources, including nonpartisan experts available for in-state visits, to help higher education leaders partner with legislative leaders. These organizations include the New England Board of Higher Education (NEBHE), Lumina Foundation, HCM Strategists, Education Commission of the States, the National Conference of State Legislatures (NCSL), and the National Center for Higher Education Management Systems (NCHEMS).

## 3. Share responsibility for students' and families' understanding of college affordability by involving students in the design of communications.

Students and parents continue to report that they do not understand the costs associated with attending college. They report confusion reading and comparing financial aid letters, and often cannot decipher the difference between a grant, a scholarship and a loan. They report trouble identifying and anticipating which fees they must pay, when and for what purpose. Further, they report surprise when met with considerable college costs beyond what appears on the student's bill: for instance, the College Board estimates that books and supplies at community colleges in the U.S. cost an additional \$1,364 per year—over 25% of average tuition and required fees at community colleges in the region.<sup>1</sup>

It is no wonder students and families are confused, misinformed or even misled on college affordability. They regularly receive messages about paying for college that are delivered outside their typical forms of receiving information, filled with technical jargon or based on assumptions that do not apply to them.

For example, students whose aid covers 100% of *tuition* are often shocked to receive bills for thousands of dollars in *fees*—an additional charge that may not be implicitly understood by families. In other cases, students miss important deadlines that can have catastrophic financial consequences because of a mismatch in the way institutions send messages and the way students are most likely to receive them. Consulting and collaborating with students and families during the design of communications can help make sure messages about college costs speak students' language and in a way they are likely to hear it.

## Recommended actions for higher education leaders:

- Integrate opportunities to check for student and parent understanding into communications (for example, encourage users of a financial aid website to play a game that tests understanding, or answer a one-question pop-up asking the user to rate their understanding).
- Incentivize student participation in designing, giving feedback on or testing the effectiveness of communications with small but desirable prizes such as bookstore or retail gift cards.
- Identify the language and form of media most likely to reach and resonate with students and their parents by conducting user tests of how college cost information is received and understood (e.g. A/B testing, focus groups, student interviews); or by drawing on this type of research already conducted by other organizations, such as Young Invincibles.
- Engage high school counselors, college access organizations and student financial aid assistance entities, such as uAspire or Bottom Line, to serve as effective informational intermediaries and resources for students and parents.

<sup>1</sup> College Board. (2015). Trends in College Pricing. Retrieved at [trends.collegeboard.org/college-pricing](https://trends.collegeboard.org/college-pricing)

#### **4. High-touch or intrusive student services are instrumental in helping students navigate financial aid, and they do not necessarily need to be expensive.**

States, higher education institutions and college access organizations have invested in building financial aid student services that operate cost-effectively on a large-scale with very little human interaction (low touch)—for example, websites or web portals or printed materials. Many students argue, however, that those services don't work for them. They report that this low-touch approach does not provide opportunities for clarification or assistance in selecting the most viable financial aid options for their often complex, unique situations.

Effective student services do not need to be low-touch to be cost-effective and large-scale. Further, students consistently express the tremendous value they get from high-touch (high human interaction) services, especially face-to-face interaction. High-touch or intrusive services (which come to students without their initiation) can dramatically improve students' understanding of financial aid and the decisions they face. This is especially true if services are provided:

- Early and often from elementary school to throughout college enrollment (i.e. not only concentrated in high school and upon first enrollment into college);
- In ways that require very little student initiation or action; and
- By knowledgeable professionals.

#### **Recommended actions for higher education leaders:**

- Provide both high- and low-touch opportunities for student interaction with financial aid professionals and services (e.g. a live chat option on an informational website).
- Partner with community-based or other direct service organizations to help students navigate financial aid systems.
- Use semi-automated alerts or nudges (e.g. through text messages) that are triggered when intrusive financial aid services are most critical—much like early alert systems that are triggered when students' academic performance slips. (*See textbox below.*)

#### **The Power of Nudges – Low-Touch, but Intrusive, with a Link to Human Help**

A study focused on community college students in Massachusetts in partnership with uAspire, a Boston-based nonprofit organization focused on college affordability, used a series of text messages to remind first-year college students to re-file FAFSA and found significant positive impacts on student persistence.<sup>1</sup> The messages reminded students of aid deadlines alongside information on how to obtain financial aid assistance from an advisor, and cost approximately \$5 per student served. As a result, students who received the messages were nearly 12 percentage points more likely to persist into the fall of their second year of college compared with their peers, and were almost 14 percentage points more likely to remain continuously enrolled through the spring of sophomore year.

<sup>1</sup> Castleman, B. L. & Page, L. C. (forthcoming). Freshman year financial aid nudges: An experiment to increase financial aid renewal and sophomore year persistence. *Journal of Human Resources*, 51(2).

## 5. States need greater capacity to collect, maintain, and analyze data.

A common refrain heard throughout the project has been the crucial need for data and research to inform decision- and policy-making. However, not all states have the resources to build or maintain this capacity, especially states with projected budget shortfalls.

Recognizing this need, there are cost-effective ways to build this capacity. One way is to tap external resources primarily as a catalyst: to cover startup infrastructure or talent costs, establish a baseline, or develop a common methodology or framework that would set state agencies up for years to come. Even a small one-time infusion of external funding can break the initial cost-prohibitive barrier and potentially set up long-term solutions.

### Recommended actions for higher education leaders:

- Consult with institutional researchers to partner on projects or in developing grant proposals.
- Identify the state's data and research gaps in answering questions about college cost and affordability.
- Continue to evaluate options to expand data and research system capacity from philanthropic foundations, the business community or through federal sources.

The college affordability challenges facing New England states are immense and not likely to be fully addressed within a few years or with a few minor policy changes. However, **the fact that all six New England states face similar challenges presents an opportunity: to collaborate on a regional approach.**

New England states already recognize one another as rich sources of knowledge, expertise and insight when thinking through some of higher education's most pressing problems. Most importantly, no state's efforts to address higher education issues happen in a vacuum: What Connecticut does impacts Massachusetts, what Massachusetts does impacts New Hampshire, and so on. Regional collaboration offers an opportunity to approach affordability in a comprehensive and aligned manner.

**At a time when all six New England states are increasingly dependent on college-educated residents, and college is increasingly unaffordable for those residents, the opportunity to strengthen state investment in college affordability on a regional scale is too important to pass up.**

*For the full report on Redesigning Student Aid in New England, please check [www.nebhe.org/redesigningaid](http://www.nebhe.org/redesigningaid) in summer 2016, when the project concludes.*

*For questions or comments, please contact Gretchen Syverud at [gsyverud@nebhe.org](mailto:gsyverud@nebhe.org) or 617-533-9522.*

### **About the New England Board of Higher Education (NEBHE)**

*Established in 1955 by six visionary New England governors, NEBHE is a regional compact that works across New England to: help leaders assess, develop and implement education practices and policies of regional significance; promote regional cooperation that encourages efficient sharing of education resources; and strengthen the relationship between higher education and the regional economy. Learn more at [www.nebhe.org](http://www.nebhe.org).*



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## Appendix A

### About the Regional Advisory Council

Serving in an advisory role to Redesigning Student Aid in New England project activities, the Regional Advisory Council included state financial aid program administrators, consumer advocacy groups, higher education institution representatives and college students. The Council was responsible for providing feedback on various aspects of the project, including:

- Lessons from institutions, systems and states to inform project activities
- Metrics used in analysis of participating states' financial aid programs and policies
- Criteria for allocating technical assistance support
- Authorship of final project paper, including “*Insights & Recommendations from Redesigning Student Aid in New England*”

### Council Membership\*

*Tom Allison*, Deputy Director of Policy & Research, Young Invincibles

*Marilyn Cargill*, Vice President, Financial Aid Services and Research, Vermont Student Assistance Corporation (VSAC)

*Gennaro DeAngelis*, Director of Financial Aid Services, Asnuntuck Community College; President of Connecticut Association of Professional Financial Aid Administrators (CAPFAA)

*Reis Hagerman*, Senior Manager of Higher Education Partnerships, American Student Assistance (ASA)

*Thomas Horgan*, NEBHE Board Member; President & CEO, New Hampshire College and University Council (NHCUC)

*Valerie Innis*, Student, University of Massachusetts Amherst; Young Invincibles

*Joyce Judy*, NEBHE Board Member; President, Community College of Vermont

*KellyAnn Kirkpatrick*, Student, Boston University; Young Invincibles

*Ronald Milliken*, Director of Financial Aid, University of Maine at Farmington; Vice-Chairperson, Maine Educational Loan Marketing Corporation Education Foundation (MELMAC)

*Eileen O’Leary*, Assistant Vice President, Student Financial Services, Stonehill College; National Association of Student Financial Aid Administrators (NASFAA) Chair-Elect; Board member, Massachusetts Office of Student Financial Assistance

*Tara Payne*, Vice President, College Planning & Community Engagement, New Hampshire Higher Education Assistance Foundation (NHEAF)

*Paula Rooney*, President, Dean College; Co-Chair, New England Council Higher Education Committee

*Julie Shields-Rutyna*, Director of College Planning, Massachusetts Education Financing Authority (MEFA)

*Caesar Storlazzi*, Director of Student Financial Services, Yale University; President-elect, Connecticut Association of Professional Financial Aid Administrators (CAPFAA); College Board Trustee

*Gail Walker*, Director, School Relations, Rhode Island Student Loan Authority (RISLA); Past President, Rhode Island Association of Student Financial Aid Administrators (RIASFAA)

\* Titles of Council members reflect positions held during majority of *Redesigning Aid* project.