

*Higher Education Administration: Article Critique
Discussion*

Financial Aid

State Financial Aid Programs

State financial aid programs

- ❖ Center around:
 - ❖ Access
 - ❖ Equity
 - ❖ Need
 - ❖ Merit
- ❖ Reflect issues of society at large:
 - ❖ Access
 - ❖ Equity
- ❖ Social, economic, cultural forces:
 - ❖ Systems of distribution and financing
 - ❖ Educational system as a whole
 - ❖ Politics & Power (structures) which govern these systems

State financial aid programs

- ❖ Must *first* clearly define:
 - ❖ Key concepts & terms
 - ❖ Need
 - ❖ Merit
 - ❖ Goals & mission
 - ❖ State
 - ❖ Institution
 - ❖ Financial aid policies



Financial Aid Discussion

Need-based state aid

Need-based state aid

- ❖ Provide aid on a need basis
- ❖ Principally serve the underserved and underprivileged students typically across public institutions

Need-based state aid history

- ❖ The majority of modern need-based state aid programs began with the establishment of the State Student Incentive Grant (SSIG) program in the 1960s and 1970s.
- ❖ Before the federal government created SSIG, only 16 states had a need-based program. Within 20 years all states in the nation had some form of need-based aid (Doyle 2010)
- ❖ In 1984, almost all aid (90%) was awarded on a need-based basis (Doyle 2010)

Need-based state aid: Advantages

- ❖ Lowering the price of higher education results in higher levels of attendance
- ❖ Low income students are more price-responsive than their peers, and so programs that focus on lowering the price for these students will induce more students to attend than other forms of financial aid
- ❖ Efficiency of programs (because of the goals & mission of the programs)
- ❖ Programs are more affordable for the state than other, more broad-based subsidies

Need-based state aid: Disadvantages

- ❖ Suffer from a loss of purchasing power: Defined as the proportion of tuition and fees covered by grant aid
- ❖ More easily cut than appropriations to higher education, since few understand or are affected by need-based aid programs in the states
- ❖ Programs suffer from the same concerns about complexity as federal programs

Need-based state aid: Questions

- ❖ Is it ever possible to have enough aid for the needy?
- ❖ Where does need-based state aid financing come from?
- ❖ How does need-based state aid differ from student to student, institution to institution, private to public institution, state to state?

Questions cntd.

- ❖ How do policy makers arrive at the dollar figures per student? Other complicated metrics that compute family contribution
 - ❖ How accurate are figures?
- ❖ How do policy makers and administrators measure the success and shortcomings of need-based aid programs?
 - ❖ Conflicting information / research / data?



Financial Aid Discussion

Merit-based state aid

Merit-based state aid history

- ❖ Policies began to shift from need-based state aid programs to merit-based state aid programs in 1993 with Georgia's HOPE (Helping Outstanding Pupils Educationally) scholarship
- ❖ Since Georgia's foray into broad based aid, 22 other states have also adopted some form of a merit aid program. The rapid growth of these programs in the 1990s has slowed in the last few years (Doyle 2010)
- ❖ Rewarding students for high levels of academic performance has been a historic goal of scholarship program
- ❖ Provide substantial financial assistance for very modest levels of student achievement
- ❖ Research suggests merit-based aid typically goes to students who don't *need* aid and would attend college without aid

Merit-based state aid: Advantages

- ❖ State merit aid programs have increased enrollment
- ❖ Programs do appear to affect enrollment more in 4 year institutions than community colleges
- ❖ These programs have much lower levels of complexity
- ❖ Case studies suggest that students in high schools have higher levels of knowledge regarding these programs

Merit-based state aid: Disadvantages

- ❖ They focus aid on a group of students who most likely would have gone onto higher education without any additional aid
- ❖ Programs do little or nothing to address long-standing gaps in college attendance, whether by race or by income level
- ❖ Studies find that the HOPE scholarship actually increased gaps in enrollment by race and ethnicity in Georgia

Disadvantages cntd.

- ❖ New study by David Mustard concludes HOPE scholarship boosted economy: new car sales due to increased aid
- ❖ Many of these programs also require students to maintain a certain GPA while enrolled in higher education
- ❖ Programs like New Mexico's Lottery Success Scholarship and Tennessee's Education Lottery Scholarship have seen low levels of retention of the scholarship, and many students who do not retain these scholarships do not persist in higher education (Doyle 2010)
 - ❖ Which speaks to the overall student debt issue and this lost sector, according to Dr. Kramer, of students who have a year or two of college under their belts but dropped out, have student debt and lost potential earnings do to the opportunity cost of attending college

Merit-based state aid: Questions

- ❖ Criteria for student achievement?
 - ❖ Changing criteria?
- ❖ Program changes?
 - ❖ Affect/effect on programs, students?
- ❖ Does merit-based aid drain state resources?
 - ❖ Robbing Peter to pay Paul?
- ❖ How to make merit-aid more accessible?

State involvement: Politics

- ❖ Politics of legislation that govern financial aid policy
- ❖ Policies of states differ in terms of how public and private institutions of higher education are financed
- ❖ In some states, appropriations are provided at a certain level and institutions can bring in revenues from all other sources as they see fit
- ❖ In other states, policies are in place to fund a certain number of students or a certain percentage of overall costs

Politics cntd.

- ❖ In still other states, policies limit revenue from other sources, particularly tuition
- ❖ In all cases, state decisions about the level of funding to provide to higher education and their degree of involvement in the process of collecting revenue translate into a direct effect of state policy on tuition and financial aid policy (Doyle 2012)
- ❖ All differs from state to state, which complicates the picture, goals & missions of programs

Implications, considerations, concerns

- ❖ Gieser argues Boudieu explains in *The Forms of Capital* (1986) the power dynamics in society, in terms of power, social capital, and achievement.
- ❖ Gieser conceptualizes power, the individual and capital as it pertains to higher education through financial aid
 - ❖ Connects the social, economic, and cultural through the central role of the distributive process to the financial aid process and need-based vs. merit-based aid programs
- ❖ Gieser finds that merit-based aid is a means of maintaining the already established power structures within society
 - ❖ See this in need-based aid vs. merit-based aid

Other questions & considerations

- ❖ Balance need-based and merit-based aid, ensuring that merit-based aid doesn't disproportionately receive more funding than need-based programs?
- ❖ Use merit-aid more creatively?
 - ❖ Merit-aid could be used to attract more out of state students, for instance
- ❖ Successful models?
 - ❖ HOPE scholarship?
 - ❖ Bright Futures?
 - ❖ Other lottery scholarship models to copy and adopt?

Considerations cntd.

- ❖ Presents an opportunity to reexamine state financial aid programs as an opportunity for:
 - ❖ Leadership
 - ❖ Growth & Improvement
 - ❖ Access
 - ❖ Equity
 - ❖ Higher Education
 - ❖ Society, economy, cultural realms