

PSU College of Education Retired Faculty Luncheon
September 22, 2004

Recent Trends in College Access and Financial Aid

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COLLEGE *of* EDUCATION

CENTER FOR THE STUDY OF HIGHER EDUCATION

“It is the responsibility of the community, at the local, State, and National levels, to guarantee that financial barriers do not prevent any able and otherwise qualified young person from receiving the opportunity for higher education. There must be developed in this country the widespread realization that money expended for education is the wisest and soundest of investments in the national interest. The democratic community cannot tolerate a society based upon education for the well-to-do alone. If college opportunities are restricted to those in the higher income brackets, the way is open to the creation and perpetuation of a class society which has no place in the American way of life.”

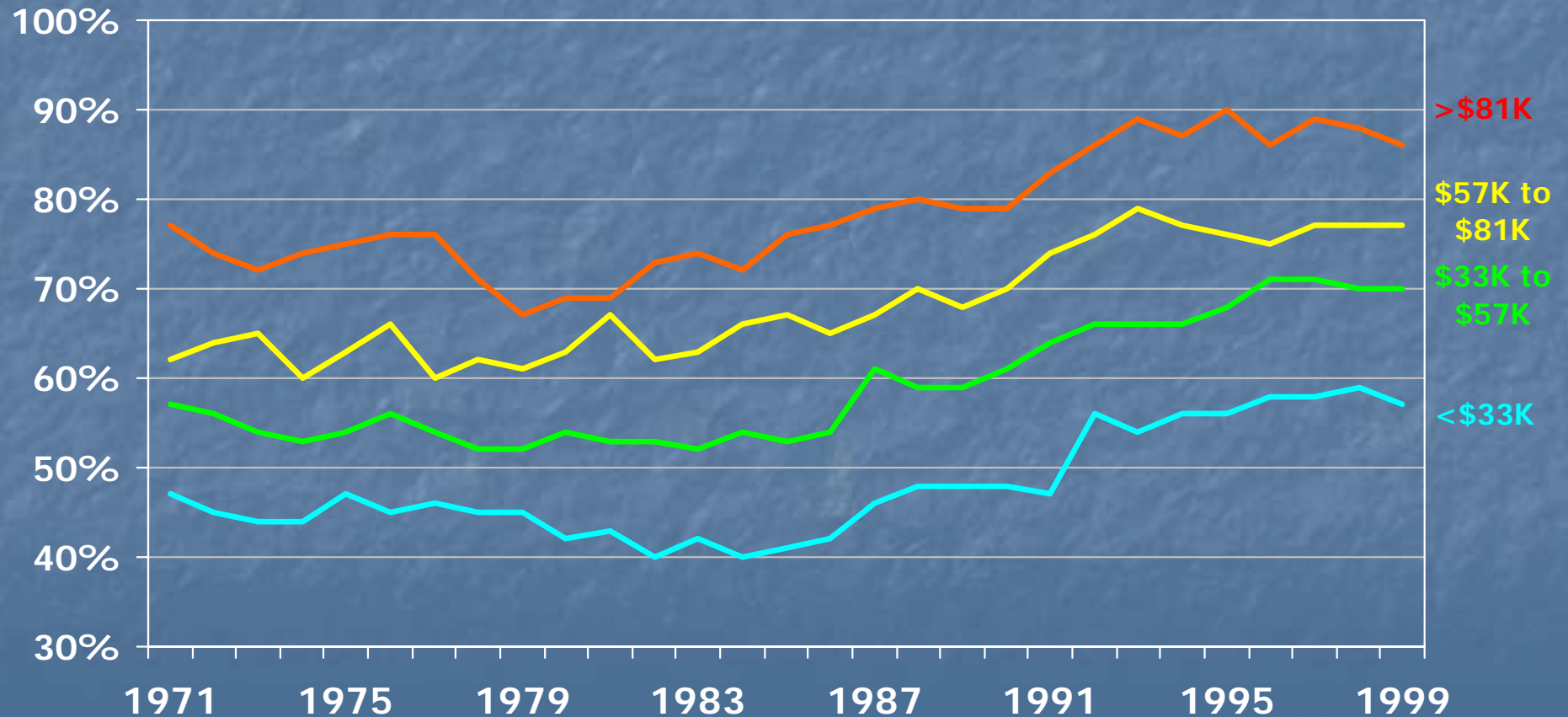
- A. Lyndon Johnson, signing the Higher Education Act of 1965**
- B. Senator Claiborne Pell, upon the renaming of the Basic Educational Opportunity Grant Program in his honor, 1980**
- C. President Truman’s Commission on Higher Education, 1947**
- D. Thomas Jefferson, upon the founding of the U. of Virginia, 1819**

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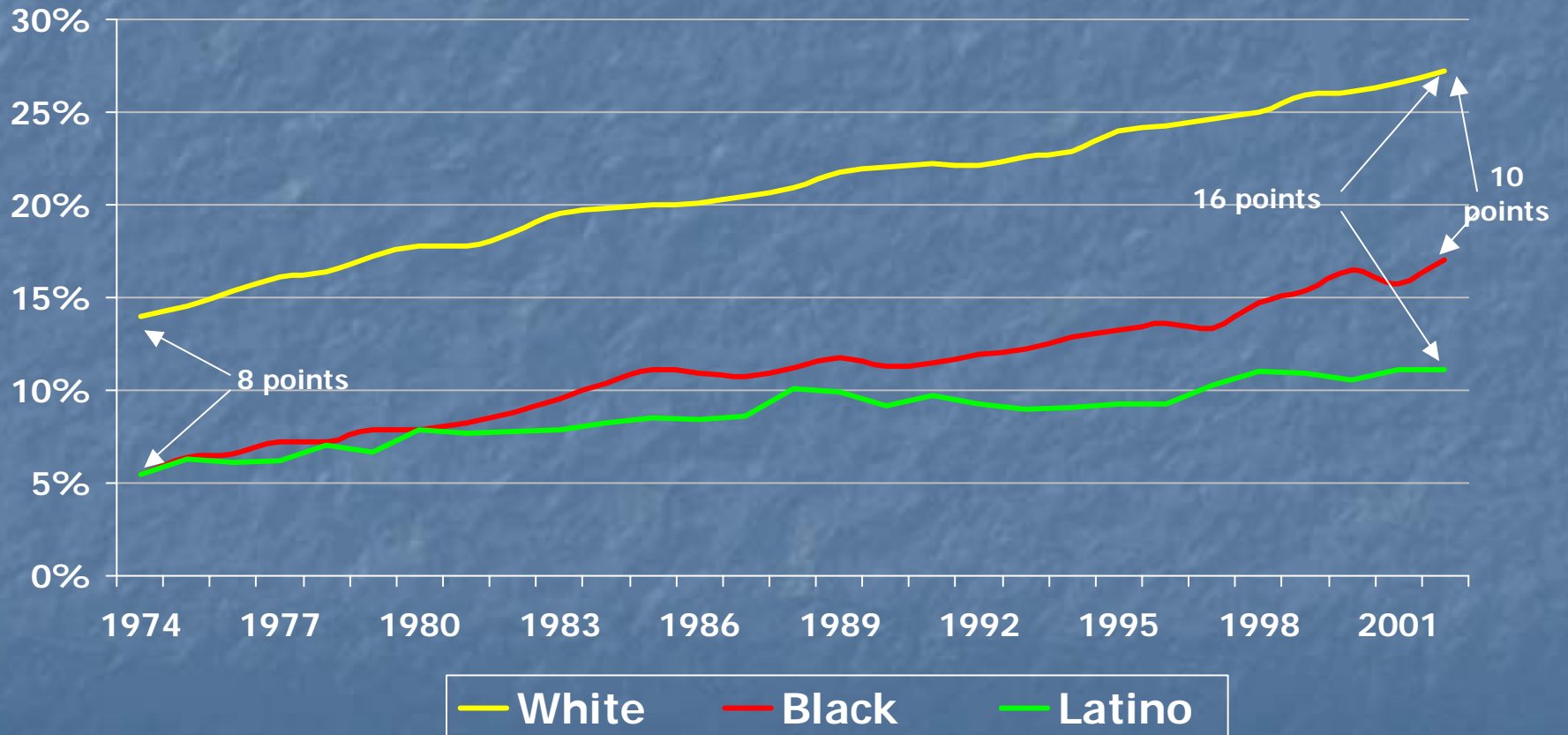
Why worry about college access?

College participation rates of unmarried 18-24 year old HS grads



Gap in educational attainment by race

Proportion of population 25 years or older with at least 4 years college

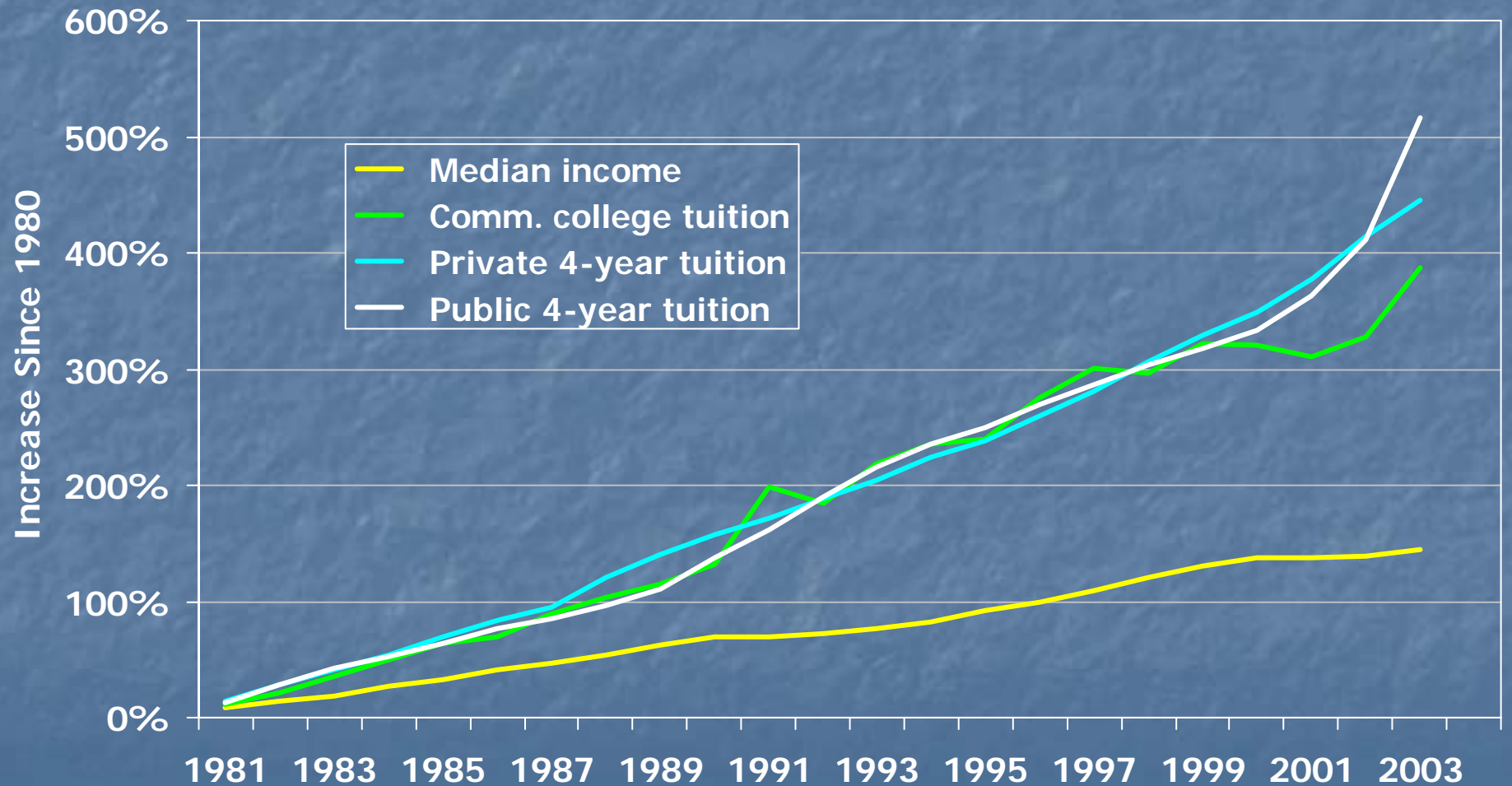


Academic barriers vs. financial barriers?

Percentage of 1992 High School Graduates
Attending College by 1994

		<u>SES Quartile</u>	
		Lowest	Highest
<u>Test Quartile</u>	Lowest	36%	77% Not-so-smart rich kids
	Highest	78% Smart poor kids	97%

Changes in tuition prices and ability to pay



Purpose of publicly-funded financial aid

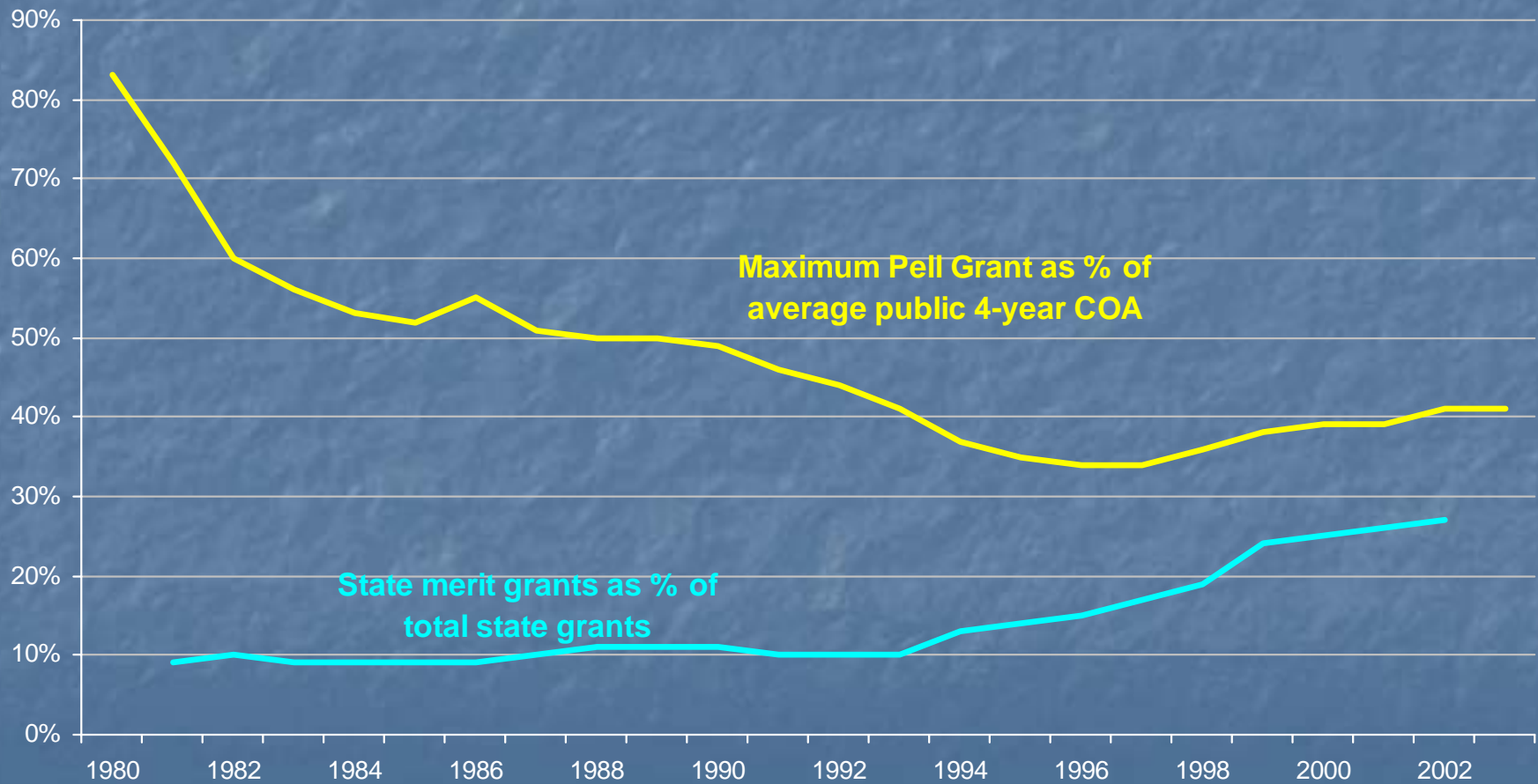
“It is the purpose of this part to provide, through institutions of higher education, educational opportunity grants to assist in making available the benefits of higher education to qualified high school graduates of *exceptional financial need, who for lack of financial means of their own or of their families would be unable to obtain such benefits without such aid.*”

Higher Education Act of 1965, § 401(a)

Research on financial aid

- Most influential on the college entry decisions of lower-income students
- Higher-income students are largely unresponsive to aid in terms of college entry, but can be influenced in terms of college choice
- Lower-income students are more responsive to tuition changes than changes in aid awards
- Grants are more influential than loans

Changes in federal and state financial aid



State merit scholarship programs

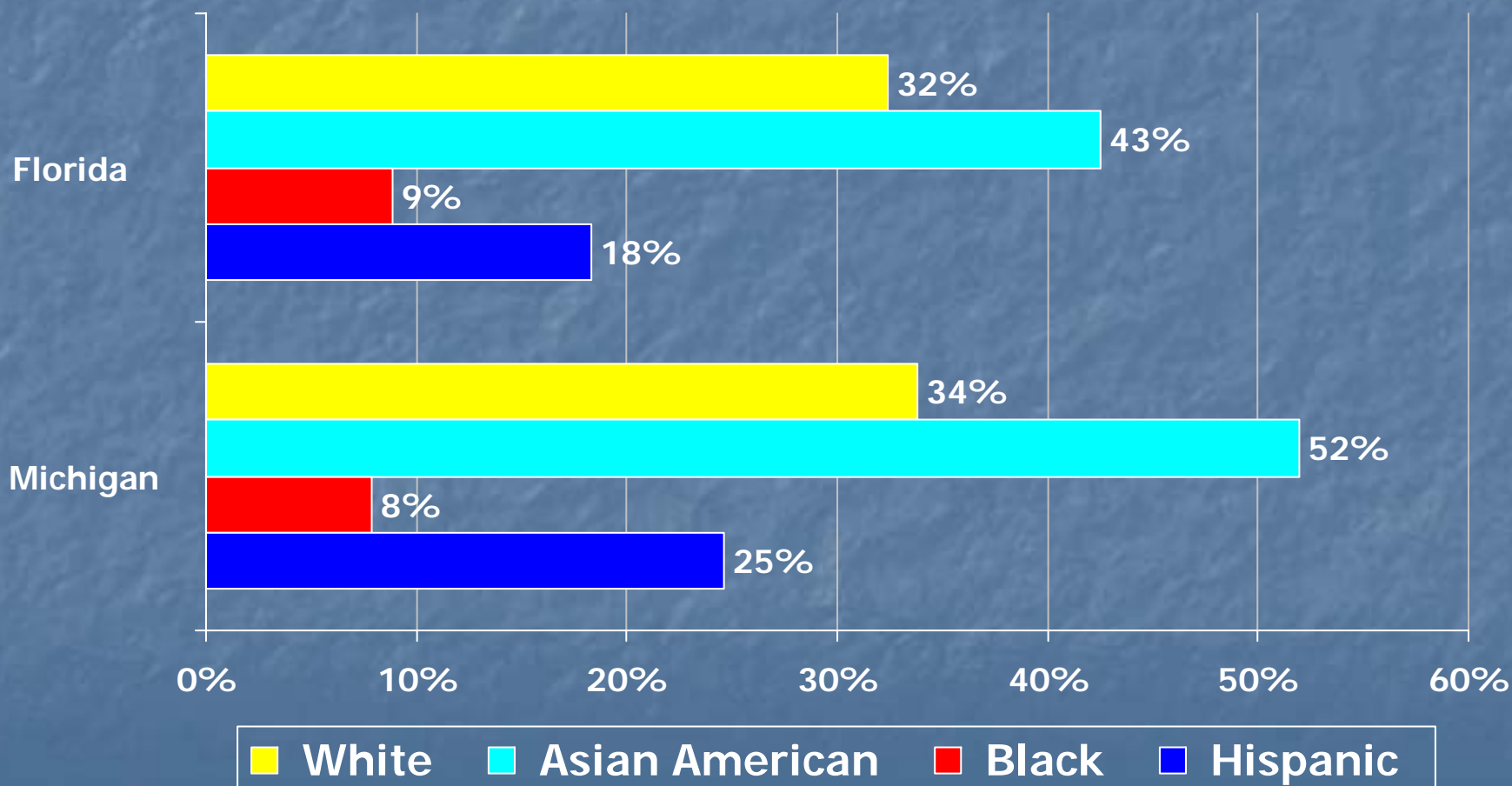
- 14 states currently have broad-based merit scholarship programs
- 27% of state grant dollars in merit aid, over \$1.5 billion
- Georgia HOPE started trend in 1993, currently largest merit aid program (\$400M last year), larger than *total* aid spending by every state other than CA and NY
- Three primary policy rationales for merit programs:
 - Encourage and/or reward academic work
 - Stanch brain drain
 - Promote college access and attainment

Merit aid – impact on college access

- Civil Rights Project report, August 2002
 - **Georgia:** Over 90% of expenditures on HOPE went to students who would have attended college anyway; program *increased* the gap in college participation between white and African-American students
 - **Florida and Michigan:** Grants awarded disproportionately to racial majority students and students in wealthier communities (those with higher participation rates)
 - **New Mexico:** No impact on access; did shift some students from 2-year to 4-year institutions. 80% of recipients were from families with income >\$40,000 per year, above the state's median income of \$38,000

State merit scholarships

Proportion of students qualifying for merit scholarships



The challenges – a “perfect storm”

- Increasing demand
 - HS grads to increase 5% over next decade, 50% nationally will be Latino
 - 700,000 more students at current participation rates
- Lagging resources
 - Operating expenditures
 - Capital expenditures
 - The promise of technology?
- Unknown impact of NCLB on preparation, demand, and participation