

•
•
•
•
•
•
•
•
•
•
•

Association for Institutional Research
41st Annual Forum
Long Beach, California

The Policy Shift in State Financial Aid Programs

Donald E. Heller

Center for the Study of Higher and
Postsecondary Education

University of Michigan



June 5, 2001

• • • • • • • •

History

- 1965: Higher Education Act
- **1972: Creation of SSIG and Pell Grants**
- 1978: Middle Income Student Assistance Act
- **1980s and 1990s: Price increases in publics and privates**
- 1992: Changes in needs analysis; loan limit increases
- **1993: Georgia HOPE Scholarship program**
- 1997: Taxpayer Relief Act - Hope and Lifetime Learning tax credits

-
-
-

Lower Income and Minority Students Have Lost Ground in College Access

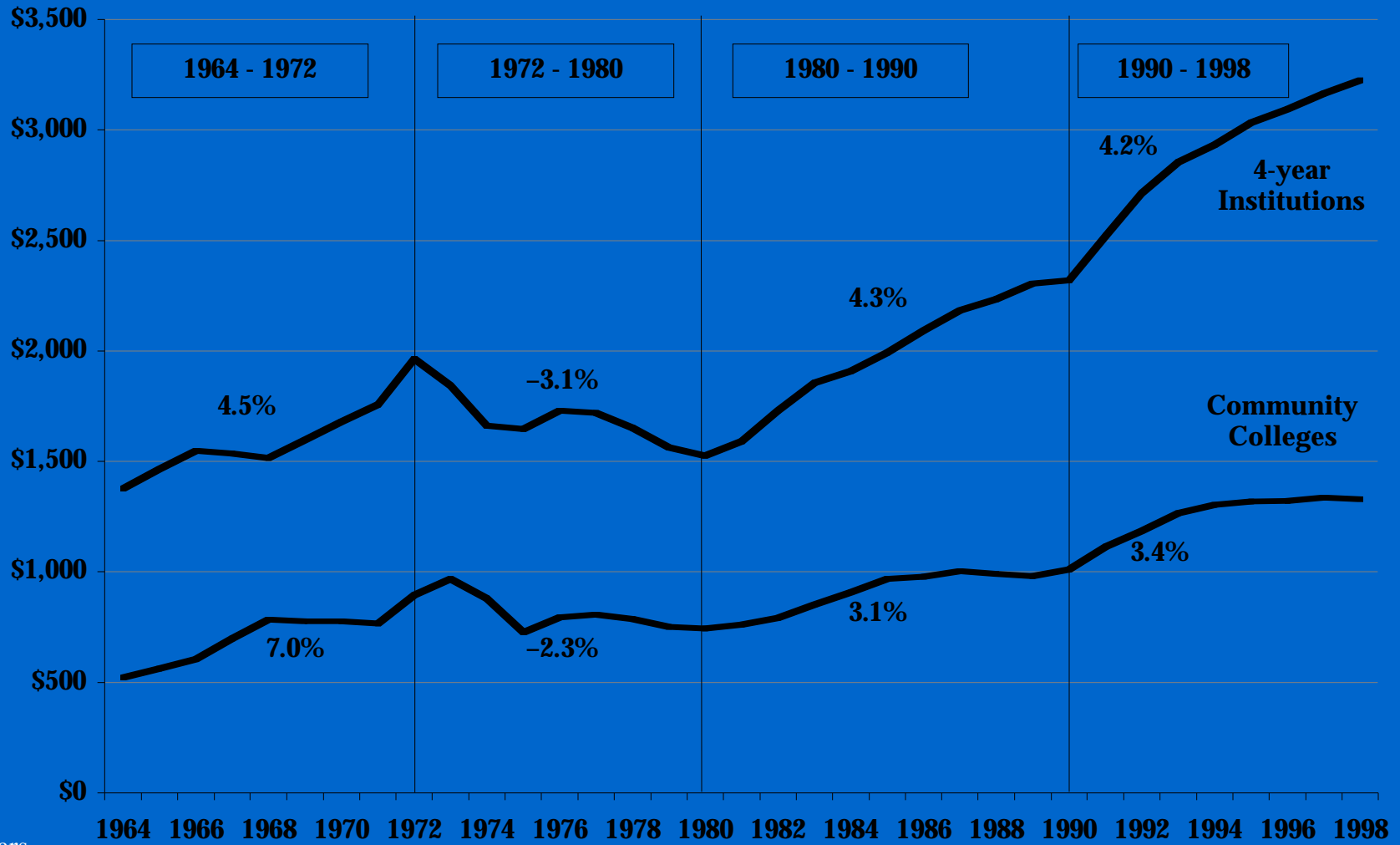
- College participation rates (18-24) of highest and lowest income quartiles (T. Mortenson):

	<u>Highest</u>	<u>Lowest</u>	<u>Gap</u>
1976	76%	45%	31%
1997	89%	53%	36%

- Undergraduate participation rates (18-29) of racial/ethnic groups (D. Heller):

	White	African American	(Gap)	Hispanic	(Gap)
1976	21%	16%	5%	13%	8%
1996	30%	23%	7%	18%	12%

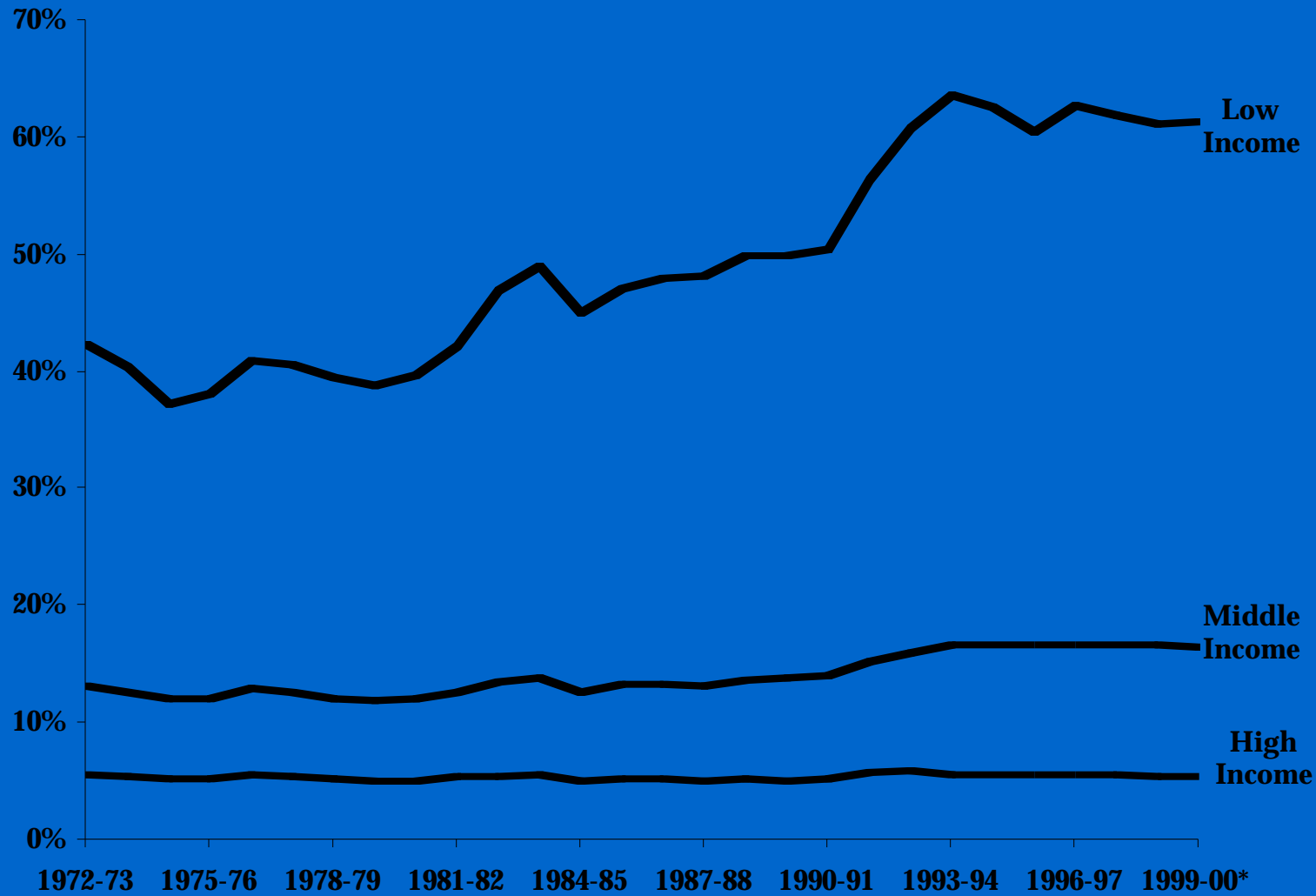
Average Public Tuition Prices



1998 Dollars

Author

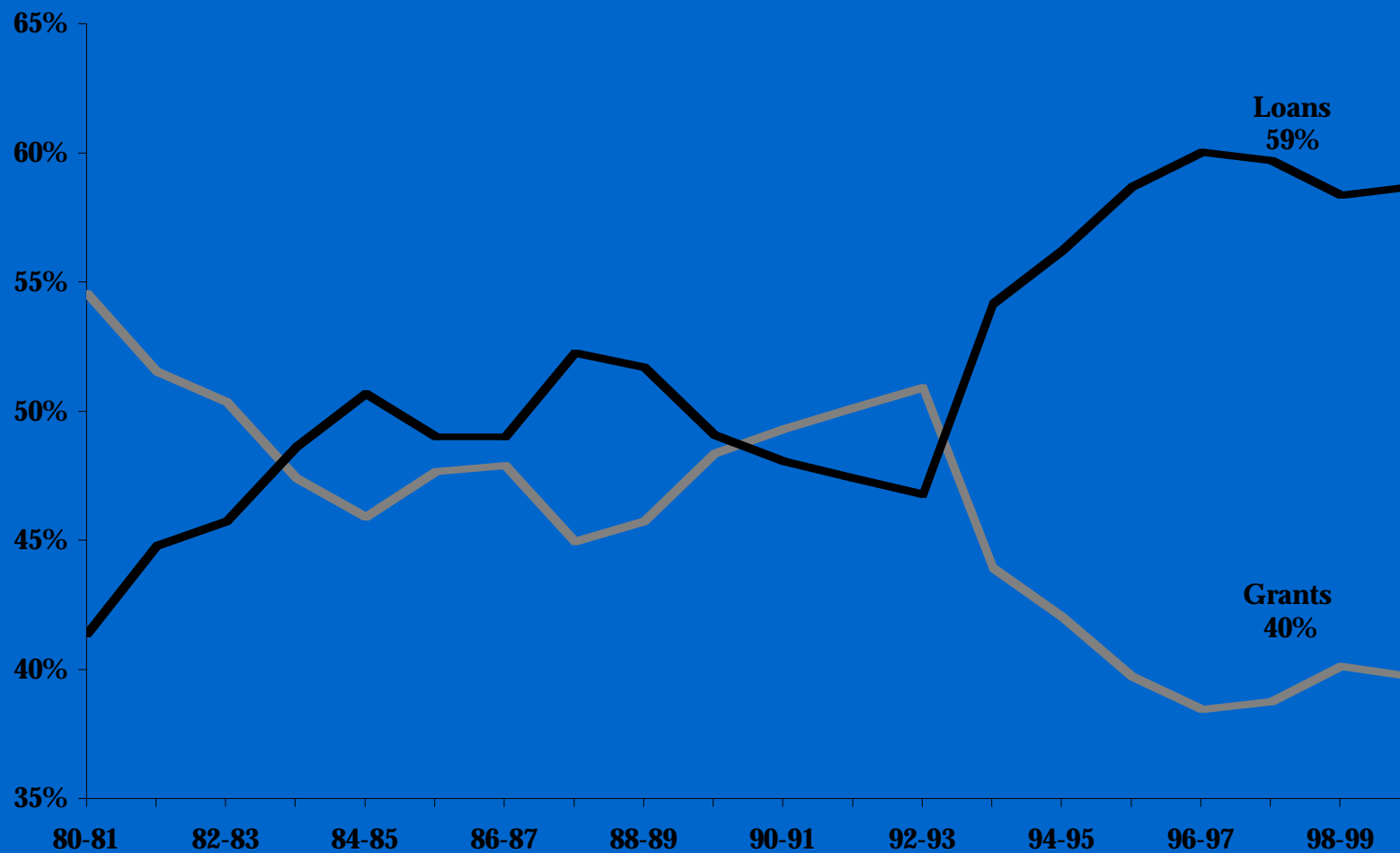
COA as Share of Family Income (4-year Public)



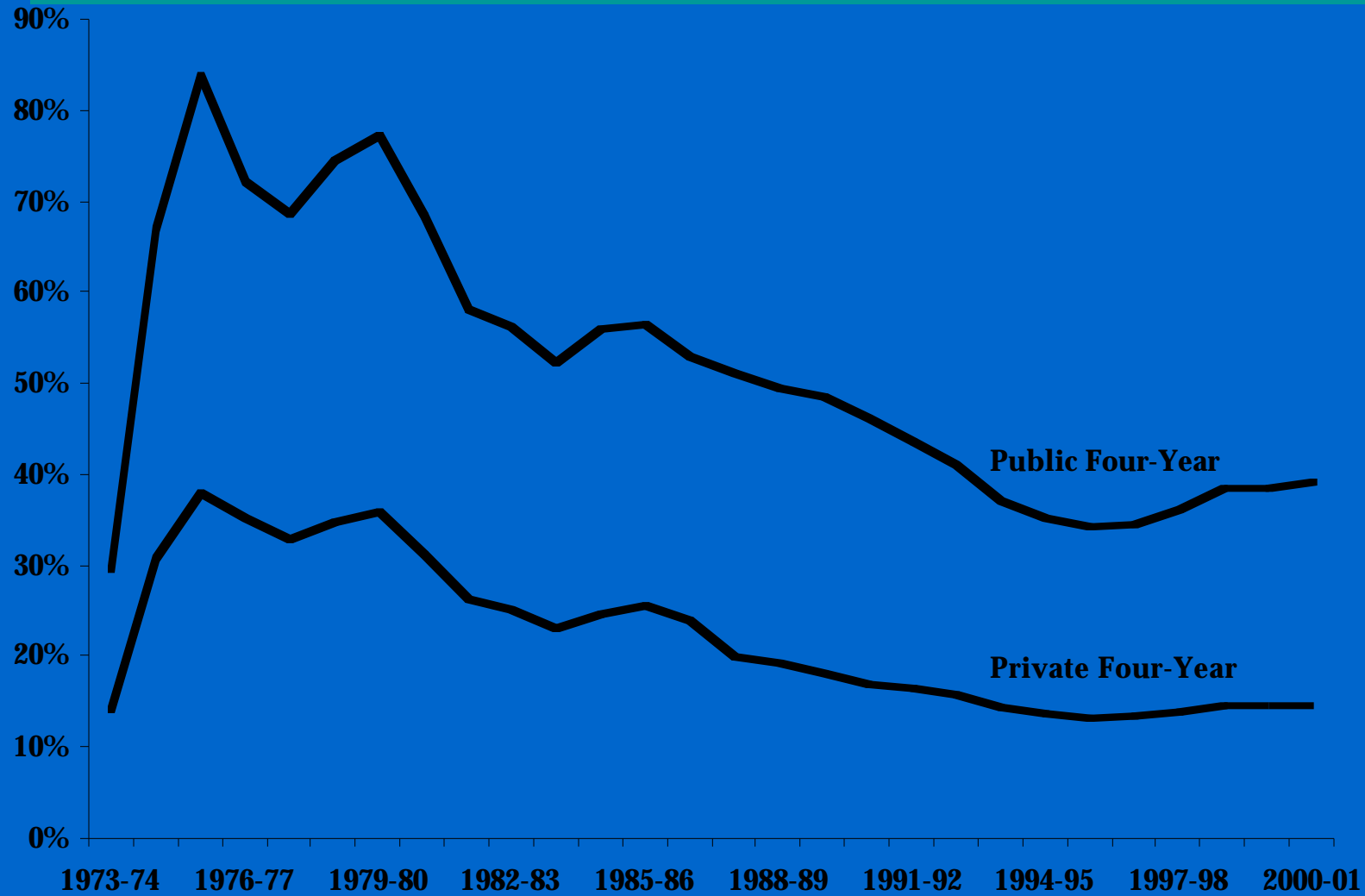
The College Board

© D.E. Heller, 2001

Type of Financial Aid Available

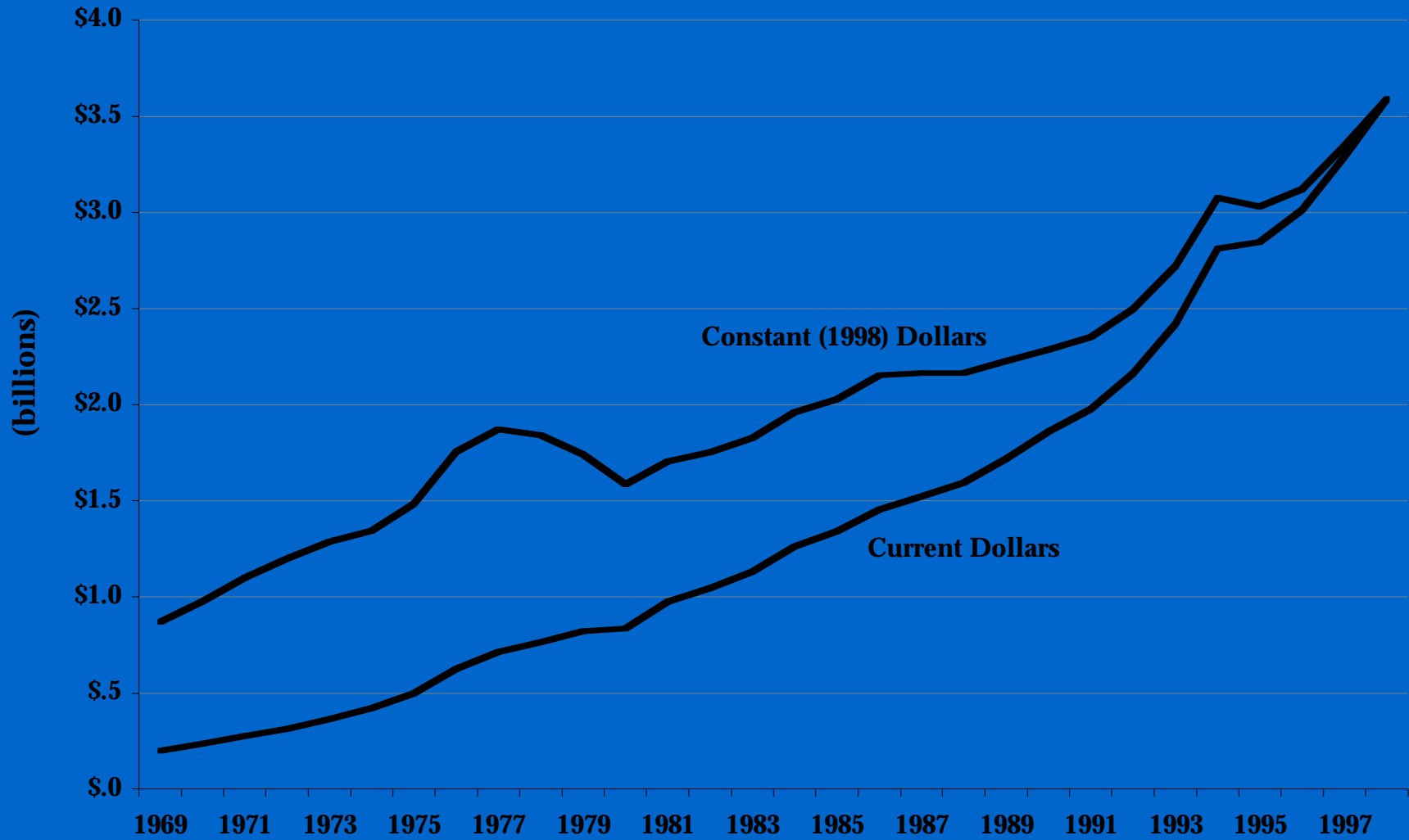


Maximum Pell Grant as Share of COA

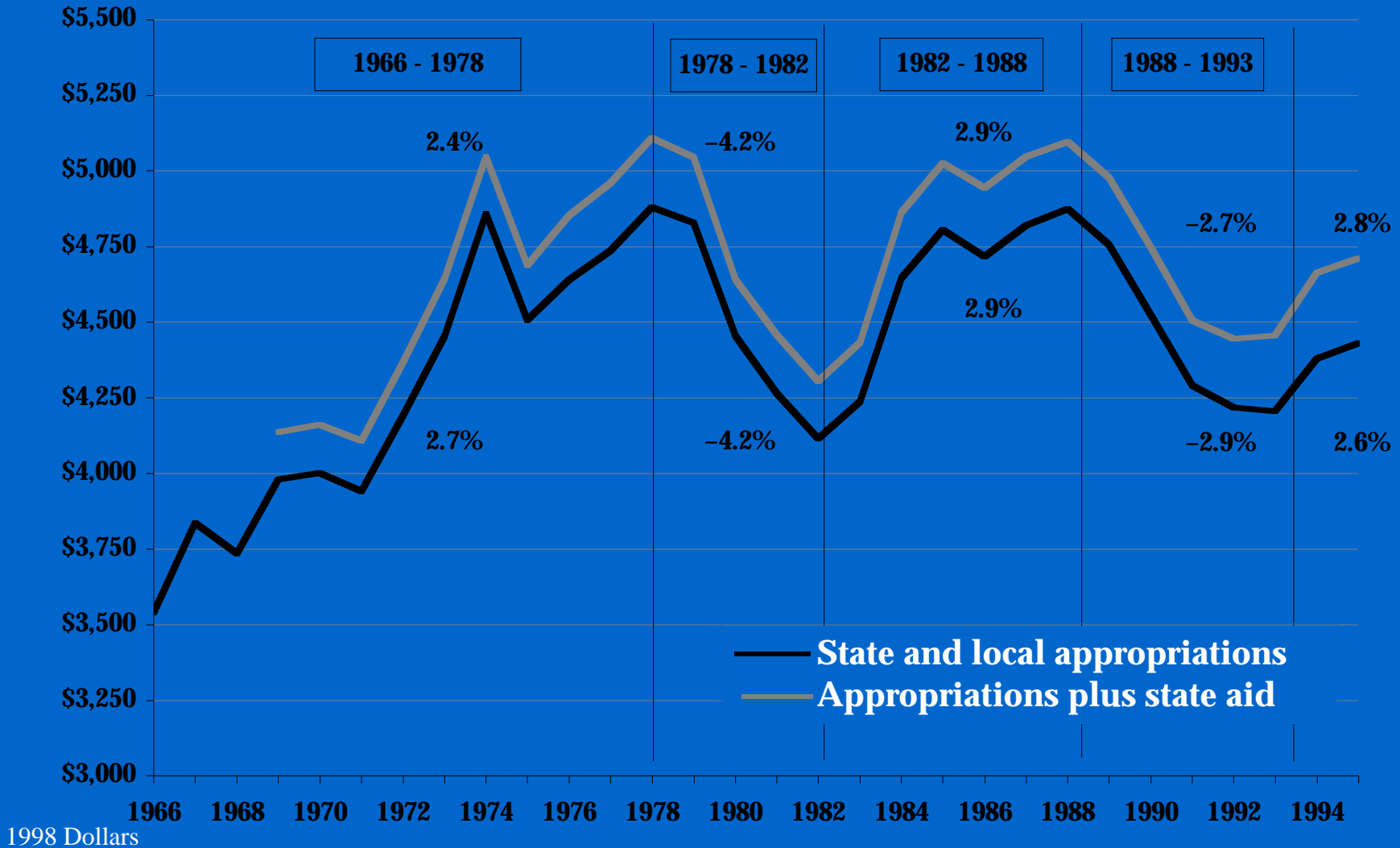


The College Board

Growth in State Aid Programs

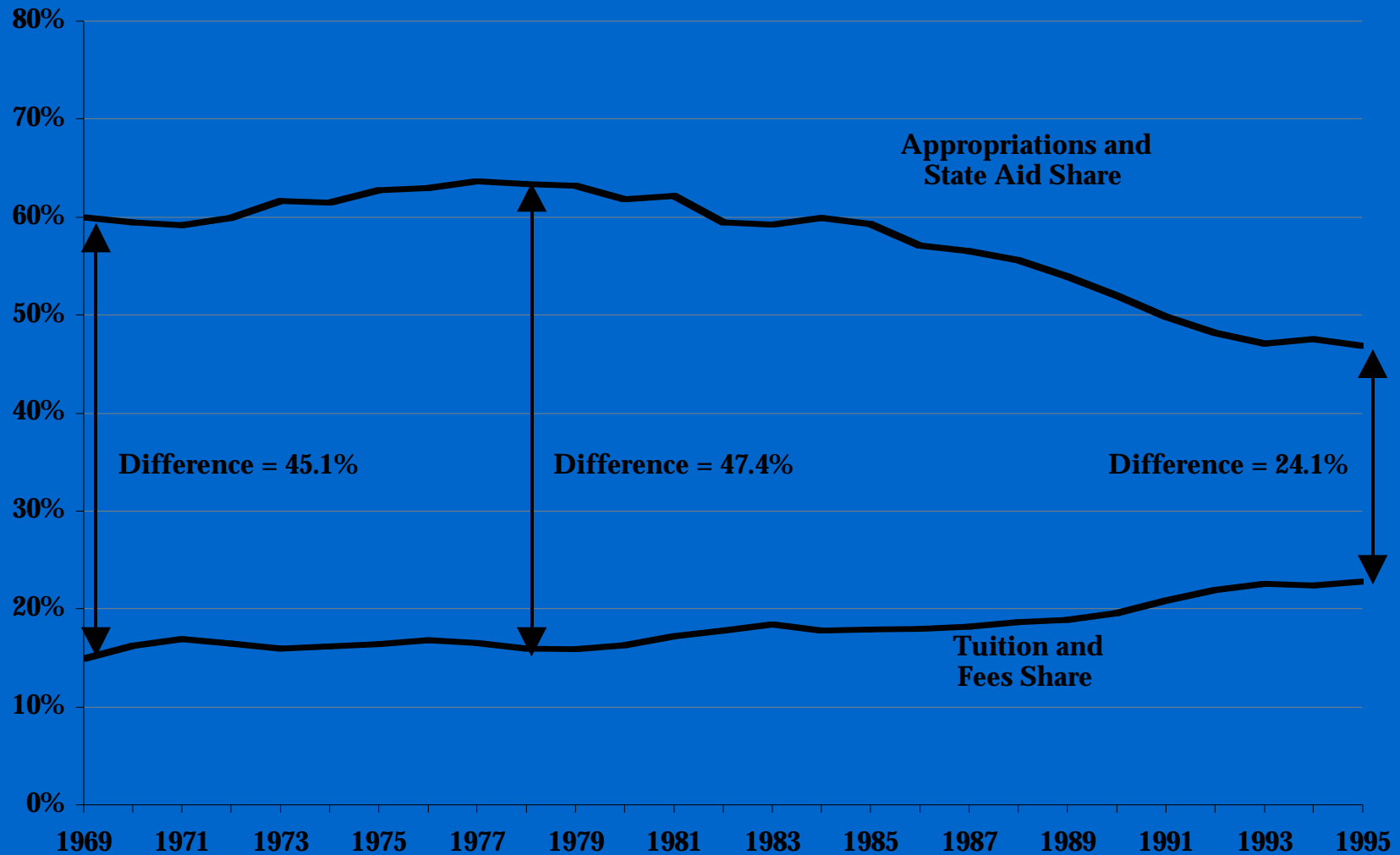


State Support per Student

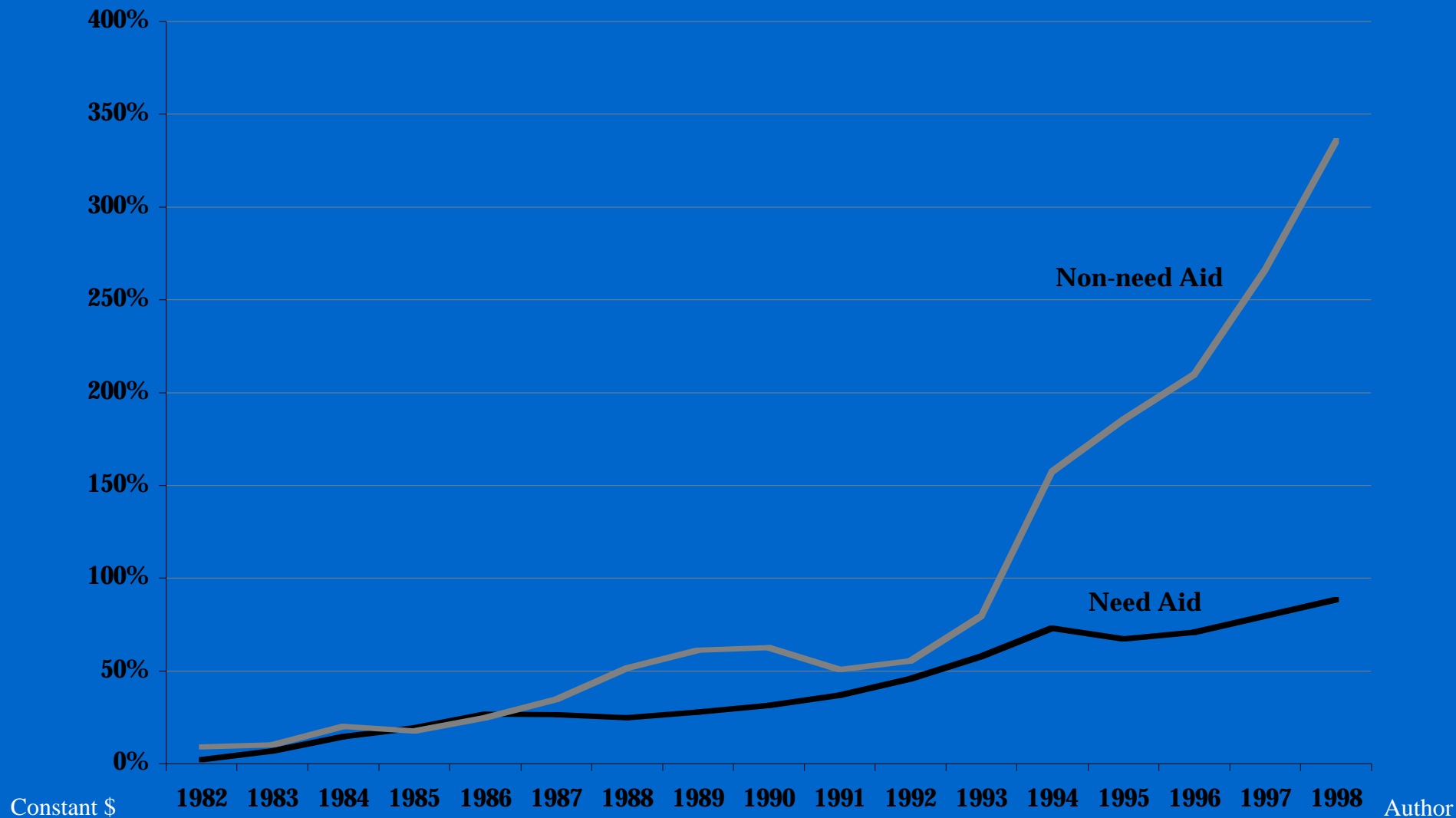


1998 Dollars

Shares of E&G Expenditures (Public Institutions)



Cumulative Growth in State Aid Programs



Constant \$

© D.E. Heller, 2001

Author

-
-
-

Growth in State Aid Compared to Other Measures

Change from FY1982 to FY1999:

Indicator	Total Increase	Annual Increase
State Aid	268%	8.0%
CPI	79%	3.5%
Median Family Income	109%	4.4%
Pell Grant Spending	215%	7.0%
Public 4-year Tuition	257%	7.8%
Private 4-year Tuition	258%	7.8%

Current dollars

-
-
-

Largest State Aid Programs - FY99*

Need-based Programs

(1) New York	\$619M
(2) California	\$332M
(3) Illinois	\$316M
(4) Pennsylvania	\$271M
(6) New Jersey	\$161M

58% of total

Non-need Programs

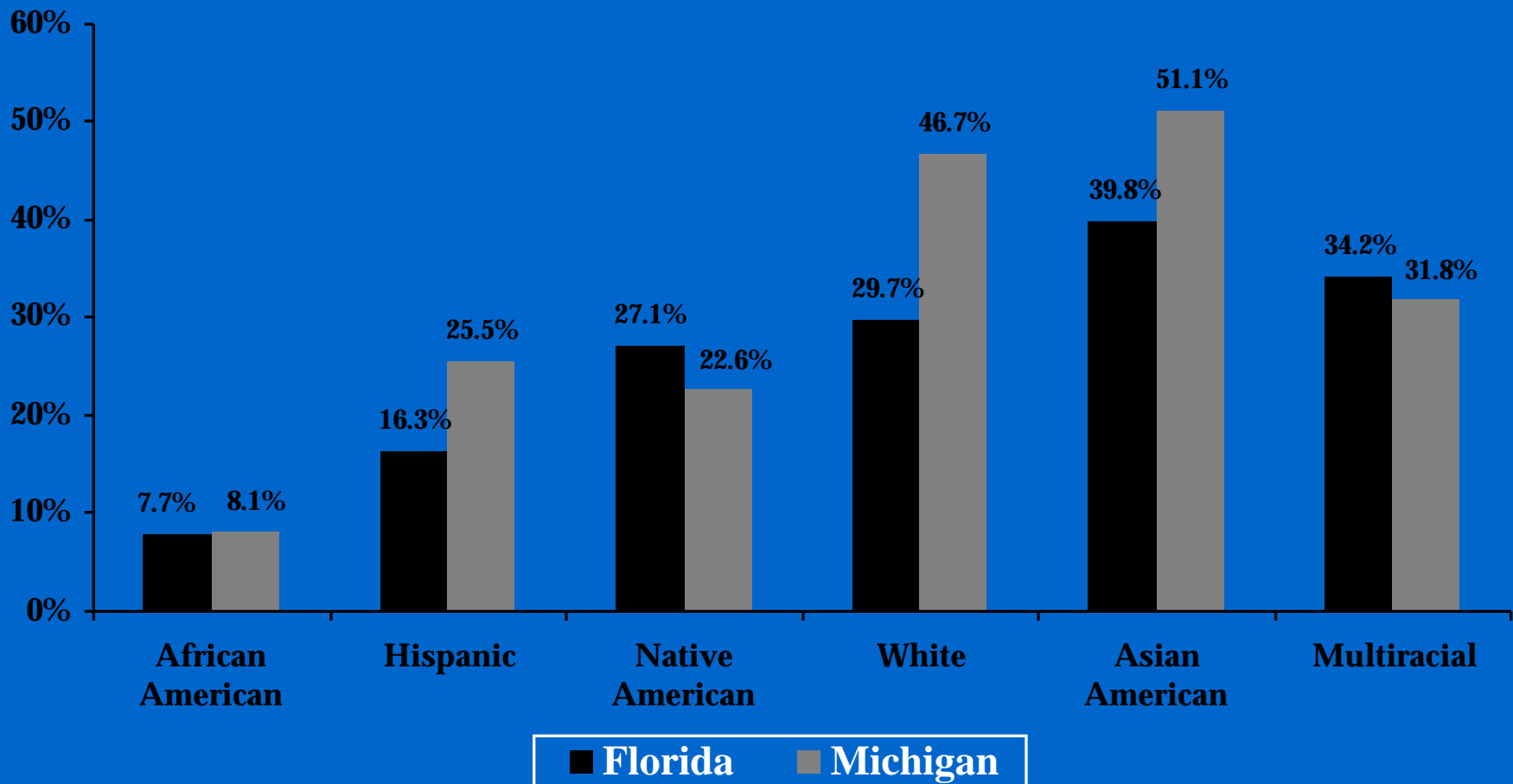
(5) Georgia	\$221M
(7) Florida	\$133M
(16) Louisiana	\$54M
(18) North Carolina	\$53M
(19) Ohio	\$52M

77% of total

Overall rank of all programs in parentheses

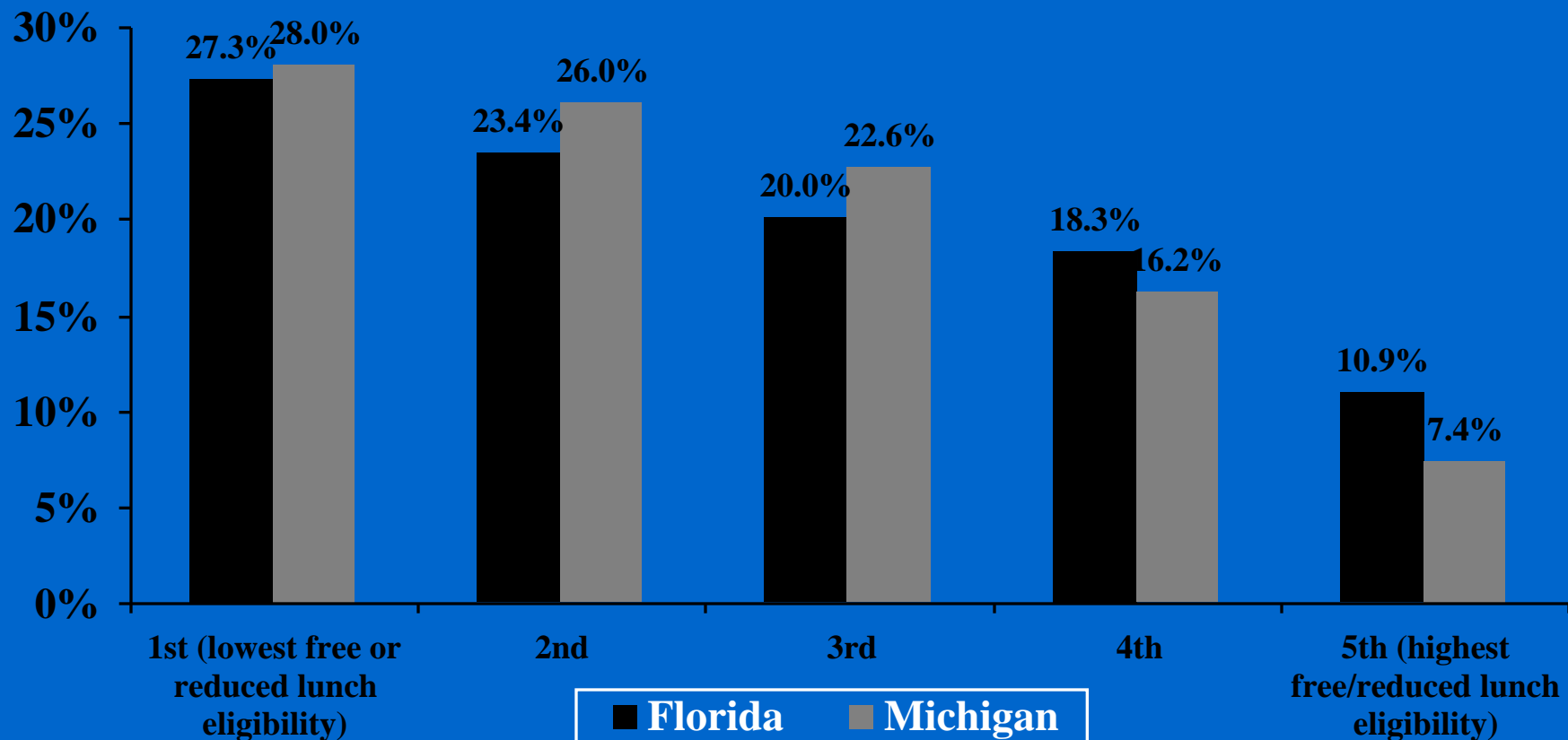
*Estimates

State Merit Scholarship Programs: Ratio of Scholarship Winners to 12th Graders



Heller, Shapiro, & Rasumssen

Ratio of Scholarship Awards to 12th Graders – By School Free/Reduced Lunch Quintile

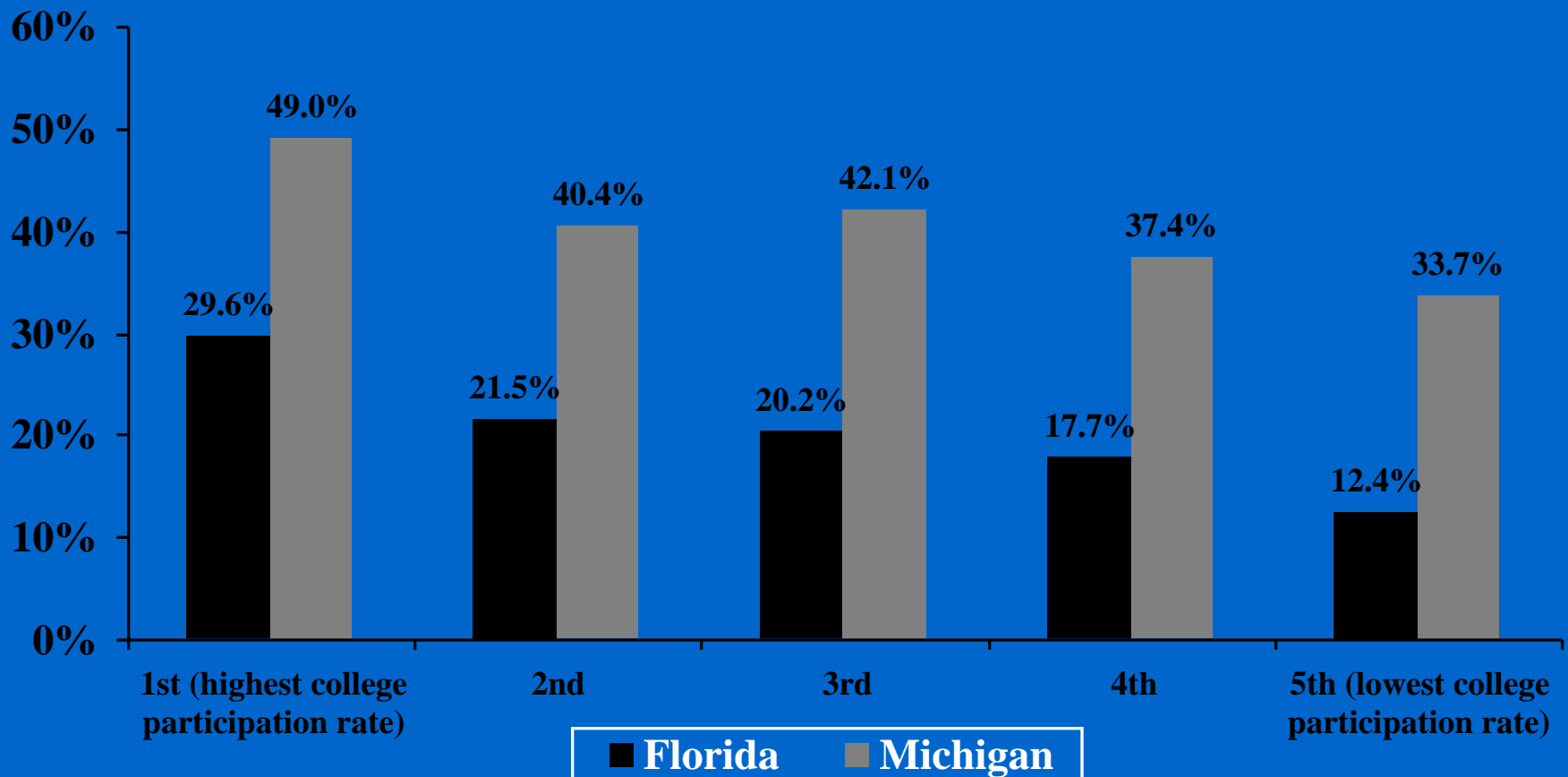


Correlation of school scholarship qualification rate and free/reduced lunch percentage:

Florida = $-.59$, Michigan = $-.55$

Heller, Shapiro, & Rasumssen

Ratio of Scholarship Awards to 12th Graders – By School College Participation Quintile



Correlation of school scholarship qualification rate and college participation rate:

Florida = .63, Michigan = .33

Heller, Shapiro, & Rasumssen

-
-
-

Multivariate analysis of the Michigan Merit Scholarship Program

- Lower qualification rates of African American, Hispanic, and Native American students is not due solely to poverty
 - Even controlling for socioeconomic status of the school attended, underrepresented minorities are still less likely to qualify for scholarships than White and Asian Americans
- Scholarship qualification rates are highly correlated with existing college-going rates
 - High schools that already sent the highest percentage of students on to postsecondary education had the highest scholarship qualification rates

-
-
-

Implications

- Demographics tell us that future cohorts of college-age students will:
 - Have lower incomes
 - Have greater financial need when they enter college
 - More likely to be from minority families
 - At least as academically-prepared for college as current cohorts
- The demand for financial aid and seats for these future cohorts is going to come at a time when state (and institutional) budgets are likely to face restricted growth or actual cuts

-
-
-

For More Information

<http://www.umich.edu/~dheller>