

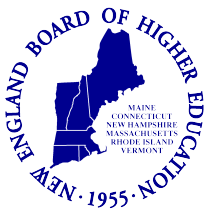
# Measuring and Increasing College Affordability

A Presentation to Maine Legislators

by

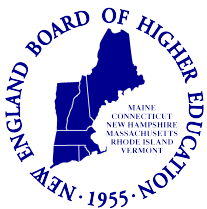
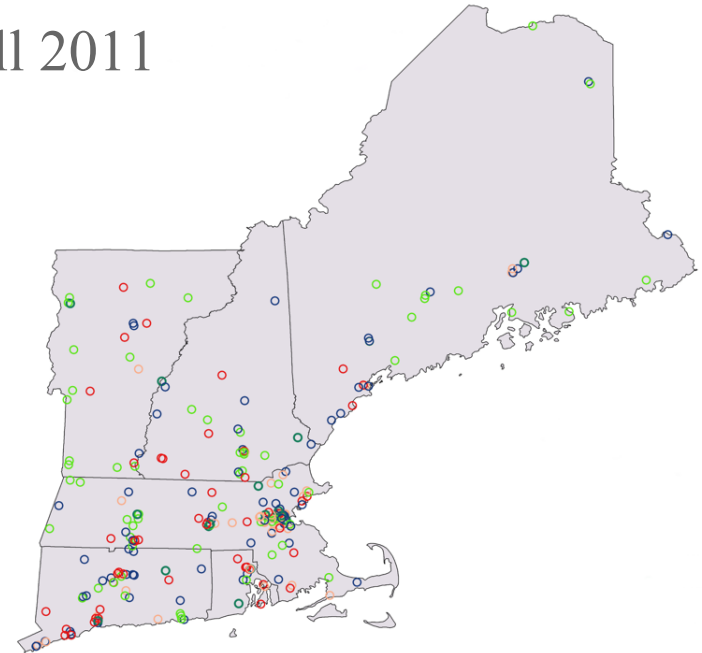
The New England Board of Higher Education

January 29, 2014



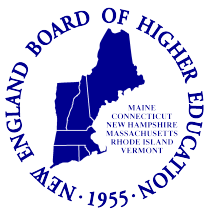
# New England at a Glance

- New England is home to 260 non-profit postsecondary institutions...
- Contribute an estimated \$100 billion annually in overall impact (Source: Unpublished NEASC estimates for AY2009-10)
- Employ over 200,000 people—almost 230,000 when including medical staff as of Fall 2011
- Enrolled almost 970,000 students in Fall 2011
- Grant over 200,000 degrees annually



# About NEBHE

- Interstate agency, chartered by New England Governors in 1955
- Mission: Expand educational opportunities and resources
  - Regional Student Program “Tuition Break”
  - Professional & Curriculum Development
  - Issue-oriented Conferences & Annual Excellence Awards
  - The New England Journal of Higher Education



# About NEBHE

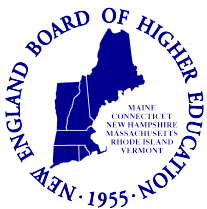
- Key areas:

- Cost savings & affordability

- College readiness & success

- Policy leadership on key issues related to education & economy

- Strengthening higher education's link to local and regional economic development



# Serving Students in Maine

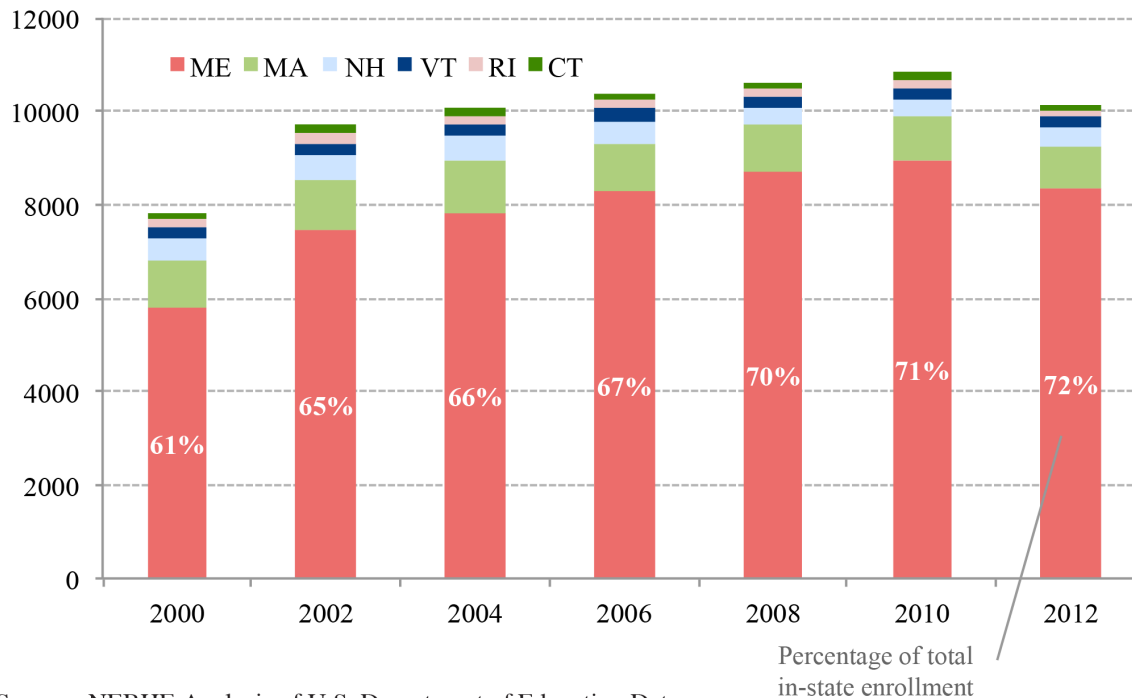
- Maine's in-state enrollment among first-time undergraduates is the highest in New England.

**Figure 3a:** Migration and Enrollment of First-Time Undergraduates in New England

	% Enrolled in Home State	% Enrolled in a New England state	% of Out-of-State Enrollees Enrolled in a New England State
CT	59%	76%	42%
ME	72%	87%	53%
MA	71%	85%	47%
NH	56%	83%	62%
RI	69%	87%	59%
VT	53%	74%	45%

Source: NEBHE Analysis of U.S. Department of Education Data

## Enrollment of First-Time Maine Undergraduates in New England

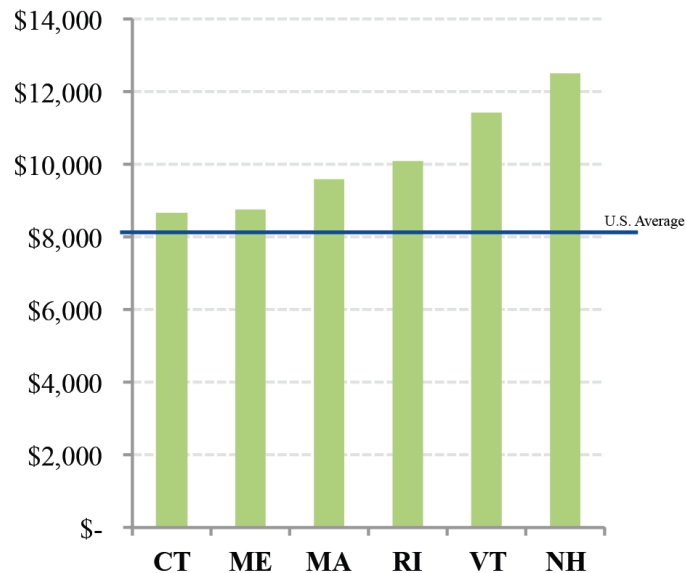


Source: NEBHE Analysis of U.S. Department of Education Data

# Cost

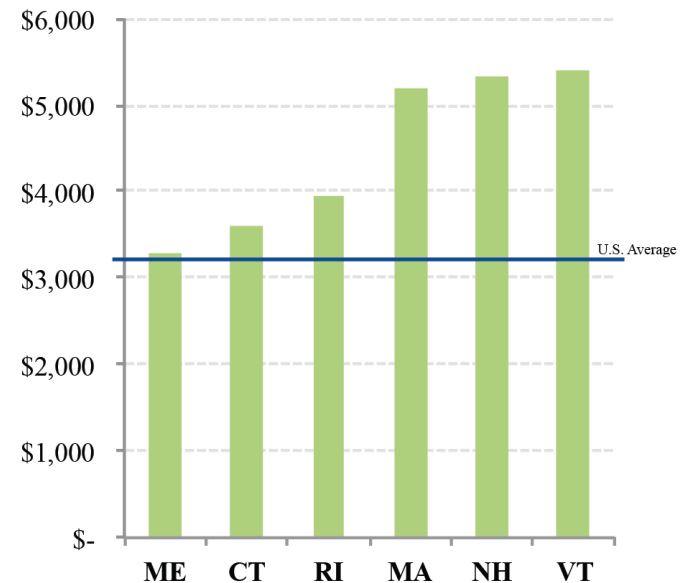
- Maine has some of the lowest published tuition and fee rates among New England's public institutions.
- Commitments to freeze tuition and fees at two- and four-year institutions help.

**Figure 1:** 2012-13 Public Four-Year In-State Tuition and Fees, by state



Source: NEBHE analysis of data provided by New England public postsecondary institutions and state agencies; The College Board, *Trends in College Pricing 2012*.

**Figure 3:** 2012-13 Public Two-Year In-State Tuition and Fees, by state

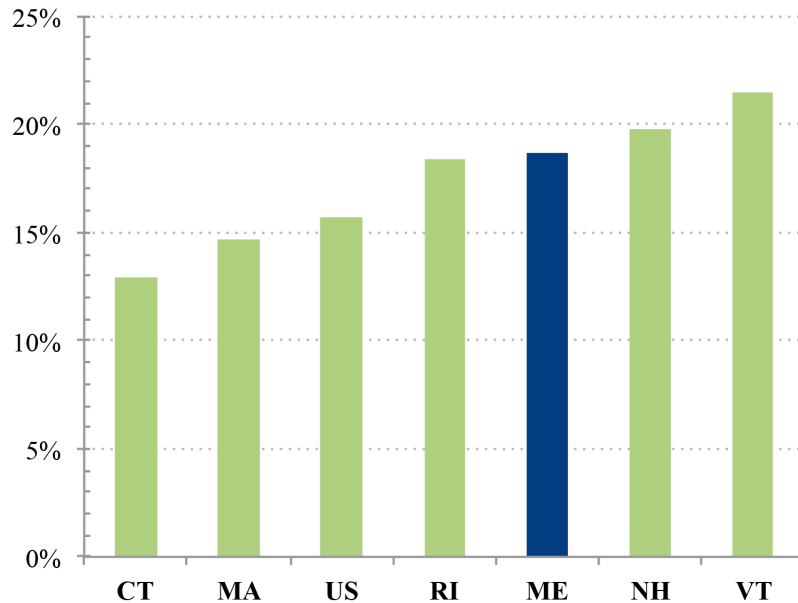


Source: NEBHE analysis of data provided by New England public postsecondary institutions and state agencies; The College Board, *Trends in College Pricing 2012*.

# Paying for College

- In Maine, low tuition and fee rates are off-set by median household incomes that are lower than other NE States.

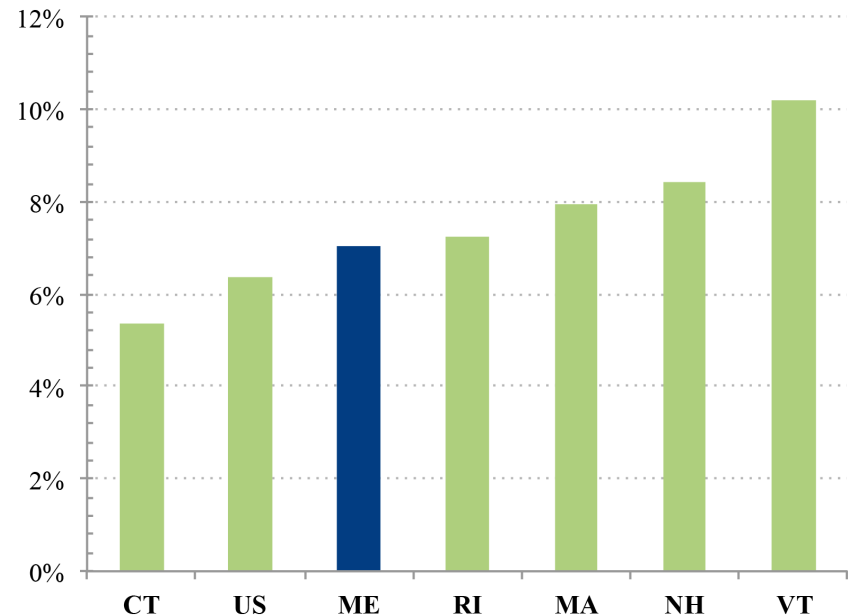
Public Four-Year In-State Tuition and Fees as a Share of Median Household Income by State, 2012-13



Source: NEBHE analysis of American Community Survey and NEBHE 2011 Tuition and Fee report data



Public Two-Year In-State Tuition and Fees as a Share of Median Household Income by State, 2012-13

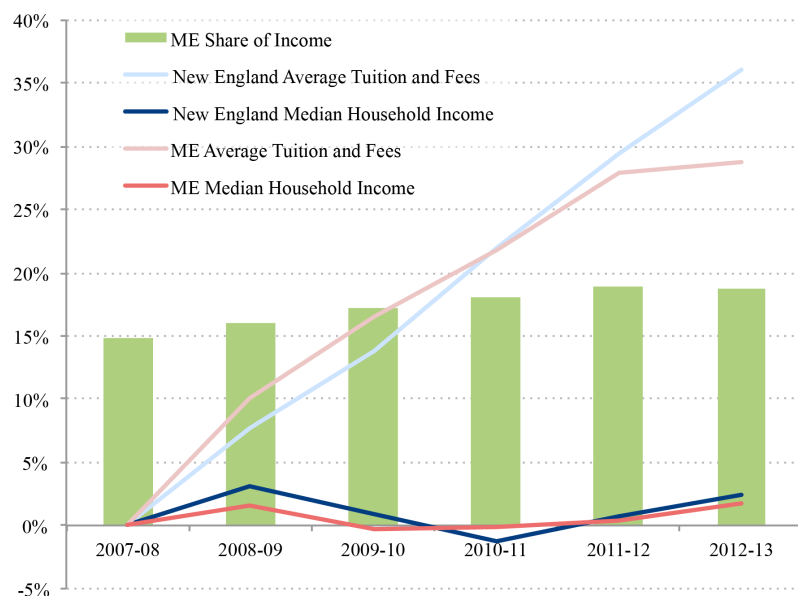


Source: NEBHE analysis of American Community Survey and NEBHE 2011 Tuition and Fee report data

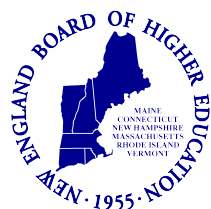
# Paying for College

- Published tuition and fee rates have risen, on average, at a faster rate than median household income.

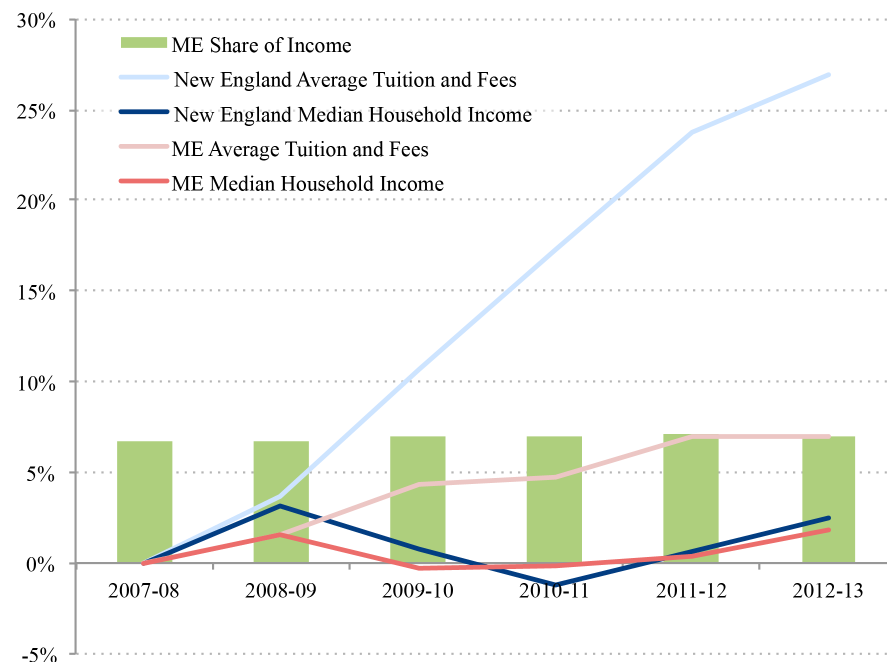
Changes in Median Household Income and Public In-State Four-Year Tuition and Fees Relative to AY07-08 in New England and Maine, 2007-2012



Source: NEBHE analysis of 2007-2012 American Community Survey and NEBHE 2011 Tuition and Fee report data



Changes in Median Household Income and Public In-State Two-Year Tuition and Fees Relative to AY07-08 in New England and Maine, 2007-2012



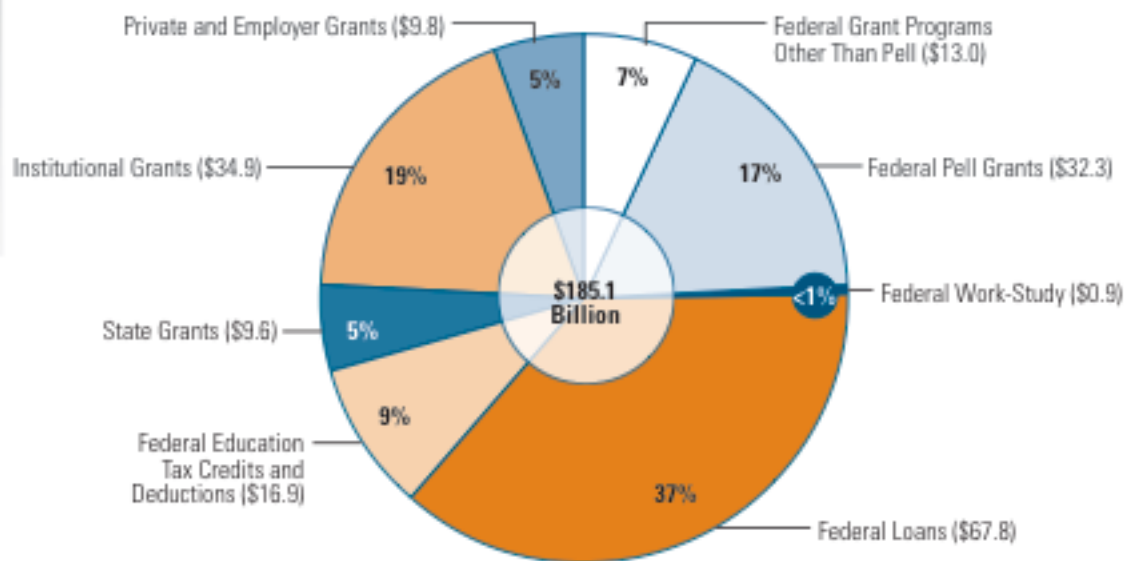
Source: NEBHE analysis of 2007-2012 American Community Survey and NEBHE 2011 Tuition and Fee report data

# Paying for College

- Students and families pay for college through a mixture of loans, grant aid and savings.

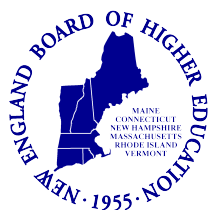
**FIGURE 2A**

Undergraduate Student Aid by Source and Type (in Billions), 2012-13



NOTE: Percentages may not sum to 100 and components may not sum to total because of rounding. See Notes and Sources for a list of programs included in federal grant programs. Nonfederal loans are not included because they involve no subsidy and are not actually a form of financial aid.

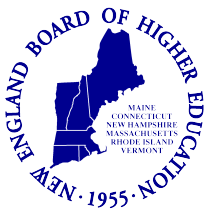
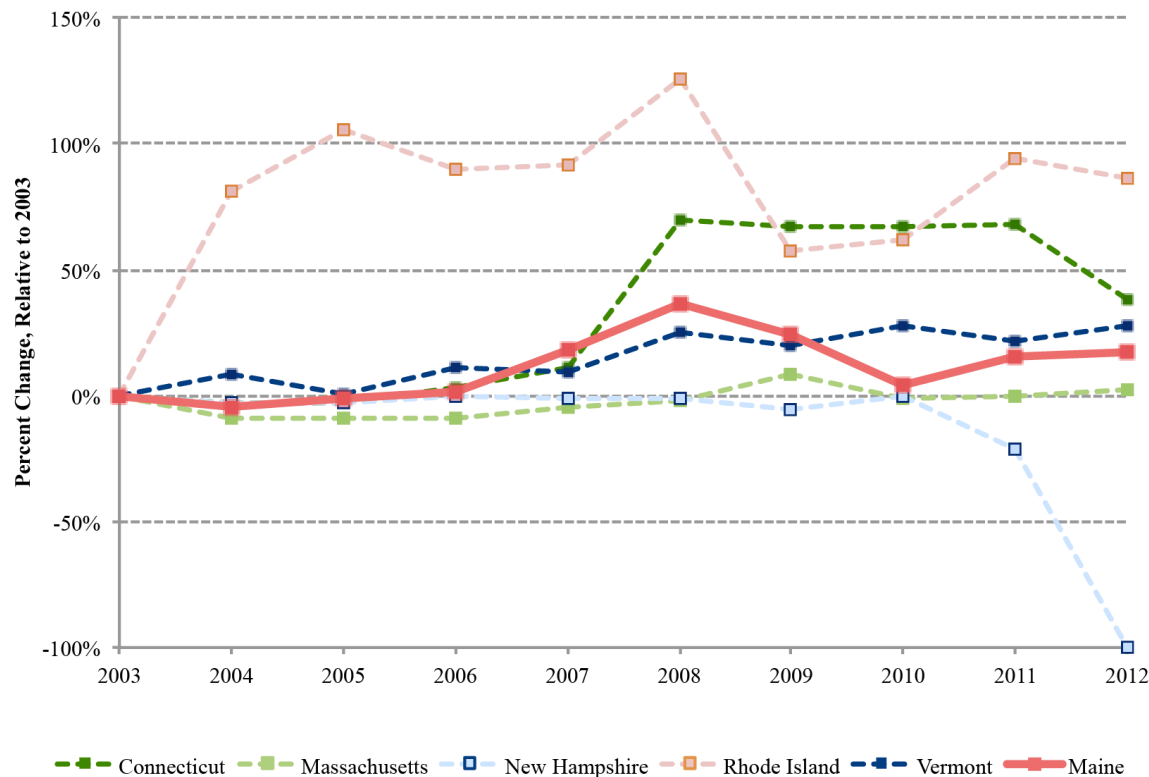
SOURCE: Trends in Student Aid website ([trends.collegeboard.org](http://trends.collegeboard.org)), Table 1A.



# State Aid for College

- In New England, state grant aid for college has fluctuated, with some New England states increasing the total aid available over the last decade.

Percent Changes in Total State Grant Aid Awarded by New England State

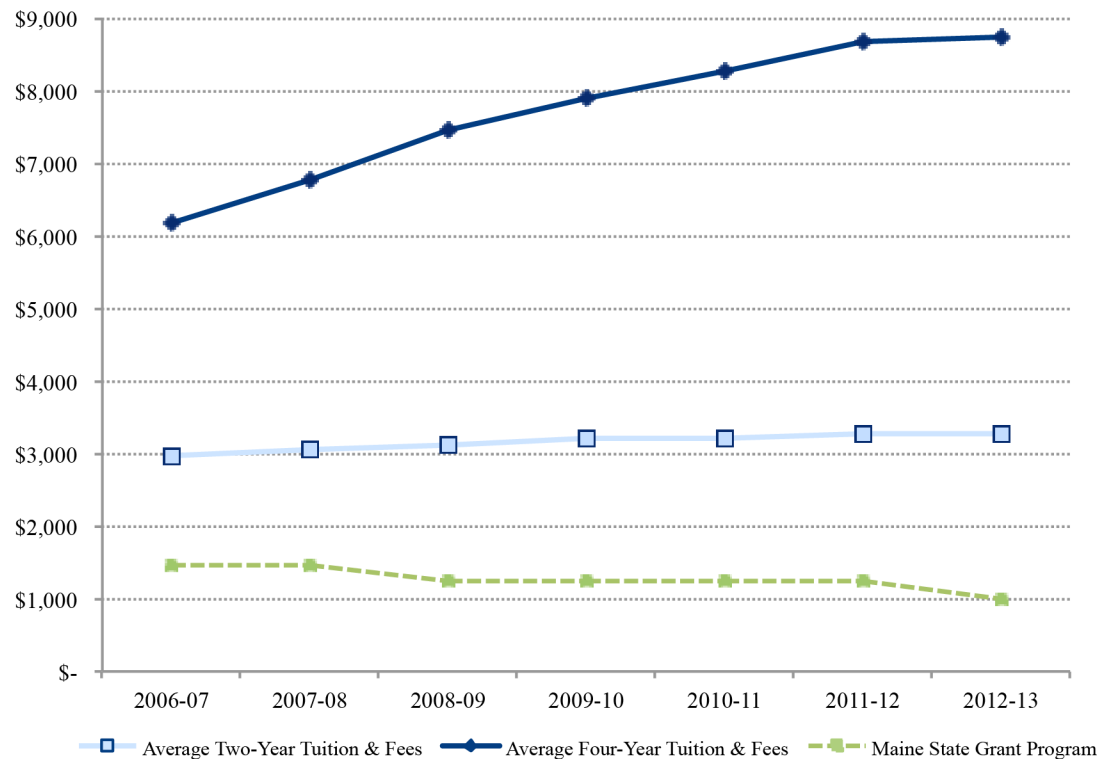


Source: NEBHE Analysis of NASSGAP Data

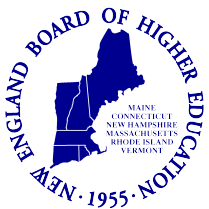
# State Aid for College

- Relative to published public tuition and fee rates, maximum state grant aid awards have not kept pace across the region.

Changes In Average In-State Tuition and Fees and Maximum Grant Award for the Maine State Grant Program, 2006-2012



Source: NEBHE analysis of NASSGAP and NEBHE 2011 Tuition and Fee report data; 2012 maximum Maine State Grant Program award information provided by FAME.



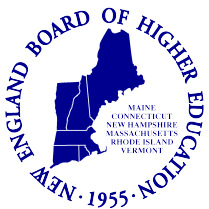
# Strategies to Increase Affordability

- Questions to consider:
  - Who are Mainers?
    - More likely to have a high school diploma as their highest level of educational attainment than other New England states

2012 Educational Attainment Rate, Population 25 Years and Over

	New England	CT	ME	MA	NH	RI	VT
Less than 9th grade	5%	4%	3%	5%	3%	7%	3%
9th to 12th grade, no diploma	6%	6%	6%	6%	6%	8%	6%
High school graduate (includes equivalency)	28%	28%	34%	26%	30%	27%	31%
Some college, no degree	18%	18%	20%	17%	19%	18%	17%
Associate's degree	8%	7%	9%	8%	10%	8%	9%
Bachelor's degree	21%	20%	18%	22%	21%	19%	21%
Graduate or professional degree	15%	16%	10%	17%	13%	12%	14%

Source: 2010-12 American Community Survey



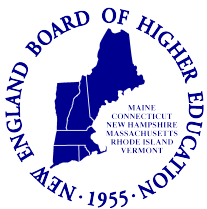
# Strategies to Increase Affordability

- Questions to consider:
  - Who are Maine students?
    - Largest proportion of part-time enrollment (almost 4 in 10) in the region.

Fall 2012 Part-Time Enrollment as a Percentage of Total Enrollment, by state and sector

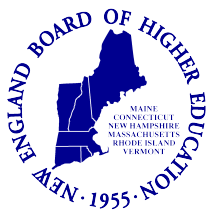
	CT	MA	ME	NH	RI	VT
<b>Public 2-Year</b>	66%	60%	57%	64%	67%	83%
<b>Public 4-Year</b>	16%	18%	33%	9%	17%	15%
<b>Private 4-Year</b>	16%	10%	17%	27%	7%	8%
<b>Total</b>	35%	26%	36%	29%	25%	24%

Source: NEBHE analysis of U.S. Department of Education data



# Strategies to Increase Affordability

- Questions to consider:
  - What promising examples are already underway?
    - Maine State Grant program
    - NextGen College Investing Plan
    - Transfer Portal
    - Dual Enrollment
    - Performance-based scholarships and grant programs in CT, MA, RI



# College Affordability Policies: A National Overview



NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*



Dustin Weeden  
National Conference of State  
Legislatures





# About NCSL

- **Began in 1975**
- **Membership organization of the 50 state legislatures**
- **Bipartisan structure and mission**
- **Mission**
  - **To strengthen the state legislative decision making process**
  - **To promote the legislative institution**
  - **To advocate for state interests before the federal government**





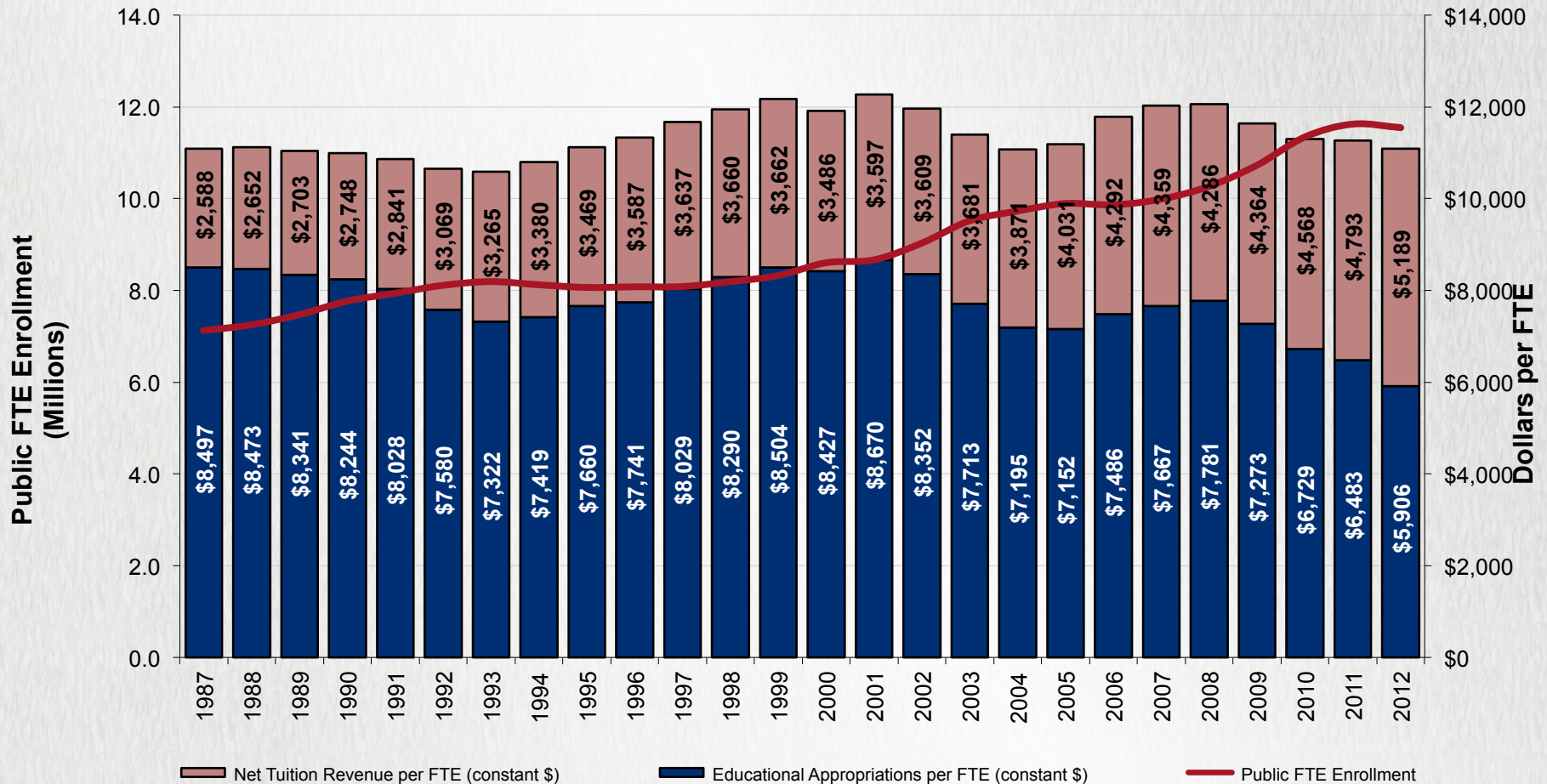
# Recent Affordability Trends

- **Published tuition between 2004-05 and 2013-14**
  - Increased 72% at public four-year institutions (\$5,087 to \$,8,756)
  - Increased 58% at public two-year institutions (\$2,349 to \$,3,711)
  
- **Shift in who pays**
  - In FY1987 net tuition accounted for 23% of total educational revenue
  - In FY2012, net tuition accounted for 47% of total educational revenue





## Public FTE Enrollment, Educational Appropriations and Total Educational Revenue per FTE, United States -- Fiscal 1987-2012

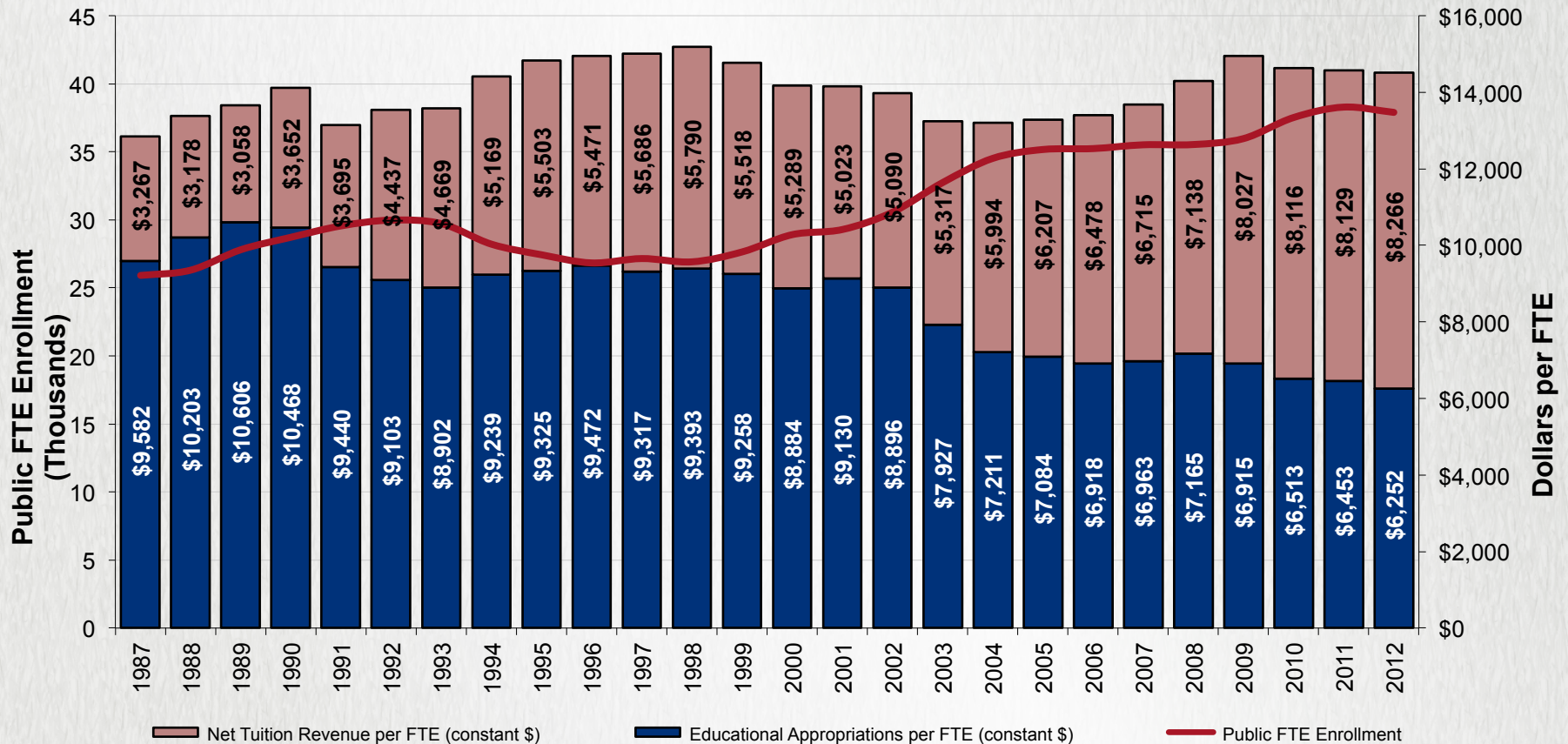


**Note:** Constant 2012 dollars adjusted by SHEEO Higher Education Cost Adjustment. Educational Appropriations include ARRA funds. (HECA)  
**Source:** SHEEO

Source: SHEEO State Higher Education Finance FY12



### Public FTE Enrollment, Educational Appropriations and Total Educational Revenue per FTE, Maine -- Fiscal 1987-2012



**Note:** Constant 2012 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA). Educational Appropriations include ARRA funds.  
**Source:** SHEEO

Source: SHEEO State Higher Education  
Finance FY12



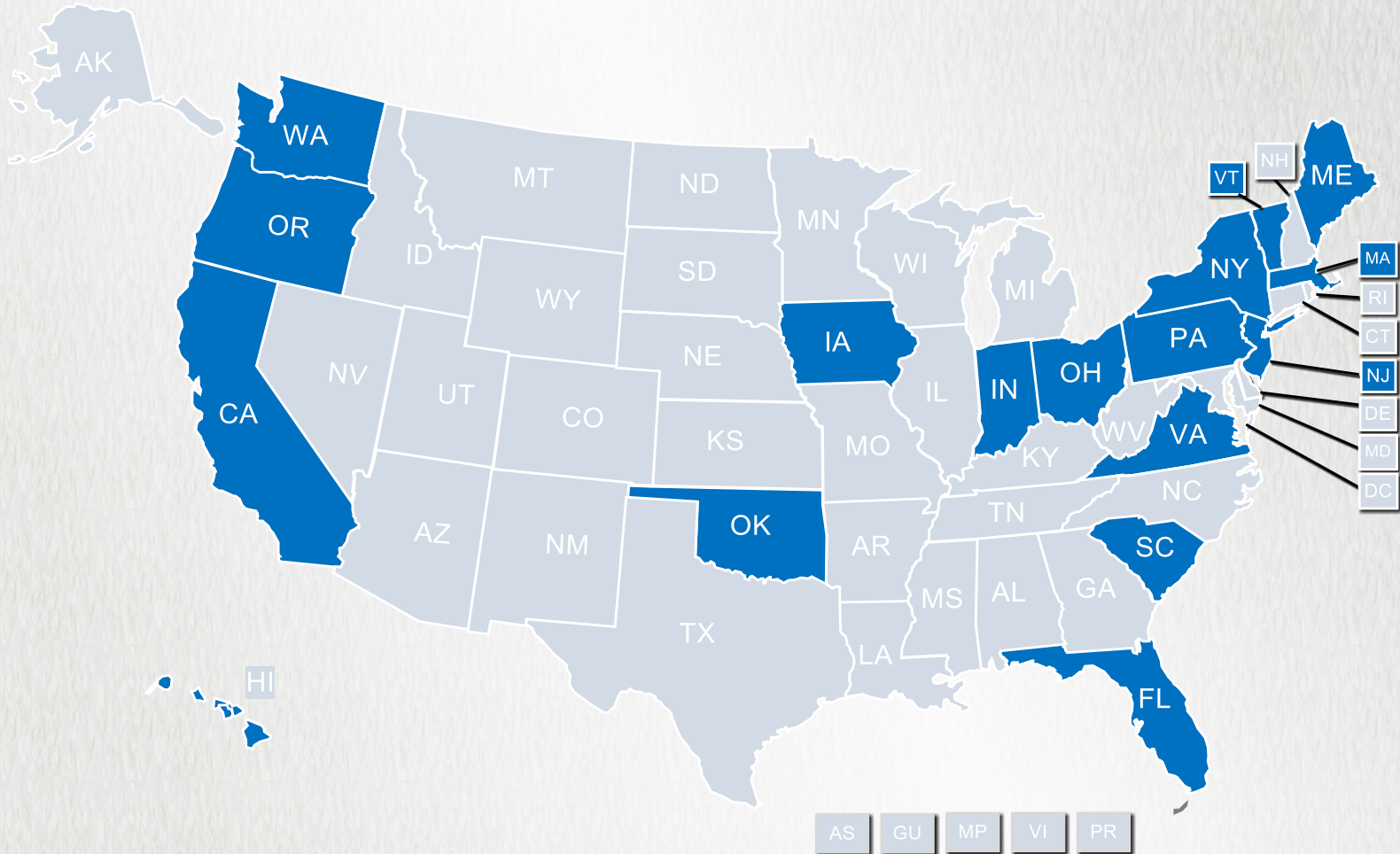
# College Affordability

- The three policy areas that work together to affect affordability:
  - Tuition
  - Financial Aid
  - Appropriations
- Shared Responsibility Framework
- Questions to Consider
  - What are the goals a college affordability strategy in Maine needs to accomplish?
  - How can Maine best use limited public resources to accomplish these goals?





# Pay Forward, Pay Back





# Pay Forward, Pay Back

- Oregon passed first Pay Forward, Pay Back bill in July
  - New Jersey bill was vetoed by governor
- 17 states have introduced bills; most designate a board, council, or taskforce to study the feasibility of implementing a pilot program
- Exceptions
  - Pennsylvania
    - No interest loan program for low-income students
  - Washington
    - Modifies need-based grant program to become a Pay Forward program for low-income students





# Pay Forward, Pay Back

## ○ Advantages

- Students do not pay tuition when earnings are at lowest point
- Removes financial considerations from selecting a major

## ○ Challenges

- Significant upfront costs to replace tuition revenue
- Would not eliminate need for all loans;
  - Tuition and fees average 40% of college costs
- Questions associated with collecting annual percent of income
- Provide incentive for wealthy students and students entering high income majors to attend out-of-state or private institutions
- Focus on full time and traditional students





# Tuition Guarantees

- **Guarantee students pay the same amount in tuition for a specific number of years or semesters**
  
- **6 states have laws in place to offer these programs**
  - Illinois requires all four-year institutions to offer "fixed tuition"
  - Oklahoma and Texas require non-research universities to offer guaranteed tuition programs
  - In Colorado, Ohio, and Minnesota governing board are "encouraged" or "may" offer fixed tuition programs





# Tuition Guarantees

## ○ Advantages

- Makes tuition prices predictable for students and families
- May incentivize students to finish in four years

## ○ Challenges

- Students essentially pay the same amount in tuition; this amount is just averaged over four years
- Tuition is front loaded with underclassman paying disproportionate share of costs
  - Equity concerns
- Transfers tuition risk from students and families to institutions
  - Difficult to predict future revenue needs
  - Can lead to large year to year tuition increases





# Tuition Freezes and Limitations

- Policies freeze or limit how much tuition can increase each year
- Are often informal agreements made during the budget process in exchange for increased state funding
- Examples of states that have formalized limits on tuition increases
  - Missouri
    - Ties tuition increases to the Consumer Price Index
  - Oklahoma
    - Limits tuition based on prices at peer institutions





# Tuition Freezes or Limitations

## ○ Advantages

- Moderate or no growth in tuition prices
- Potential to pass cost savings on to students

## ○ Challenges

- Could have a negative effect on quality
- Appropriations need to be relatively stable





# Performance Based Grants and Scholarships

- **At least 13 states have implemented performance based scholarships or grant programs**
  - Many states start with pilot programs that can be scaled up
  - Provide low-income students with scholarship awards at intervals throughout the semester
  - Conditional upon meeting performance benchmarks
  - Goal is to help students focus on coursework and progress toward a degree in a timely manner
- **Colorado state grant program**
  - Not enough aid to adequately fund all needy students
  - Decided to award more aid to students who stay on track to finish their degree





# Incentives to Remain in State

- Challenge of when to provide the incentive
- Early merit-aid programs (Georgia HOPE Scholarship) stated keeping graduates in state as a policy goal
  - Research suggests scholarship programs did little to change behavior
  - Most students who remained in state after receiving merit-aid scholarships would have done so without the aid





# Incentives to Remain in State

## ○ Loan Forgiveness or Repayment Programs

- States provide aid to reduce student loan principal
- Targeted for high demand professions (teachers, doctors, nurses) and/or areas such as rural regions
- Assumes students will take out loans
- Kansas
  - State and local partnership





# Tax Credits vs. Grants

- Who benefits and when?
- Tax Credits
  - Benefits are delayed until taxes are filed
  - Some credits such as 529 plans tend to benefit wealthier families
    - Frequently go to students who would attend college without the benefit of the credit
    - Sometimes only available to families with a tax liability
- Grants
  - Used to immediately reduce the price paid by students
  - Can be targeted to the most needy students who would not attend college without the aid





# Low Interest Rate Student Loans

- **Not very common**

- Not every state is a direct lender of student loans
- Require additional state investment or subsidy

- **State examples**

- **Texas**

- B-On-Time no interest student loan program

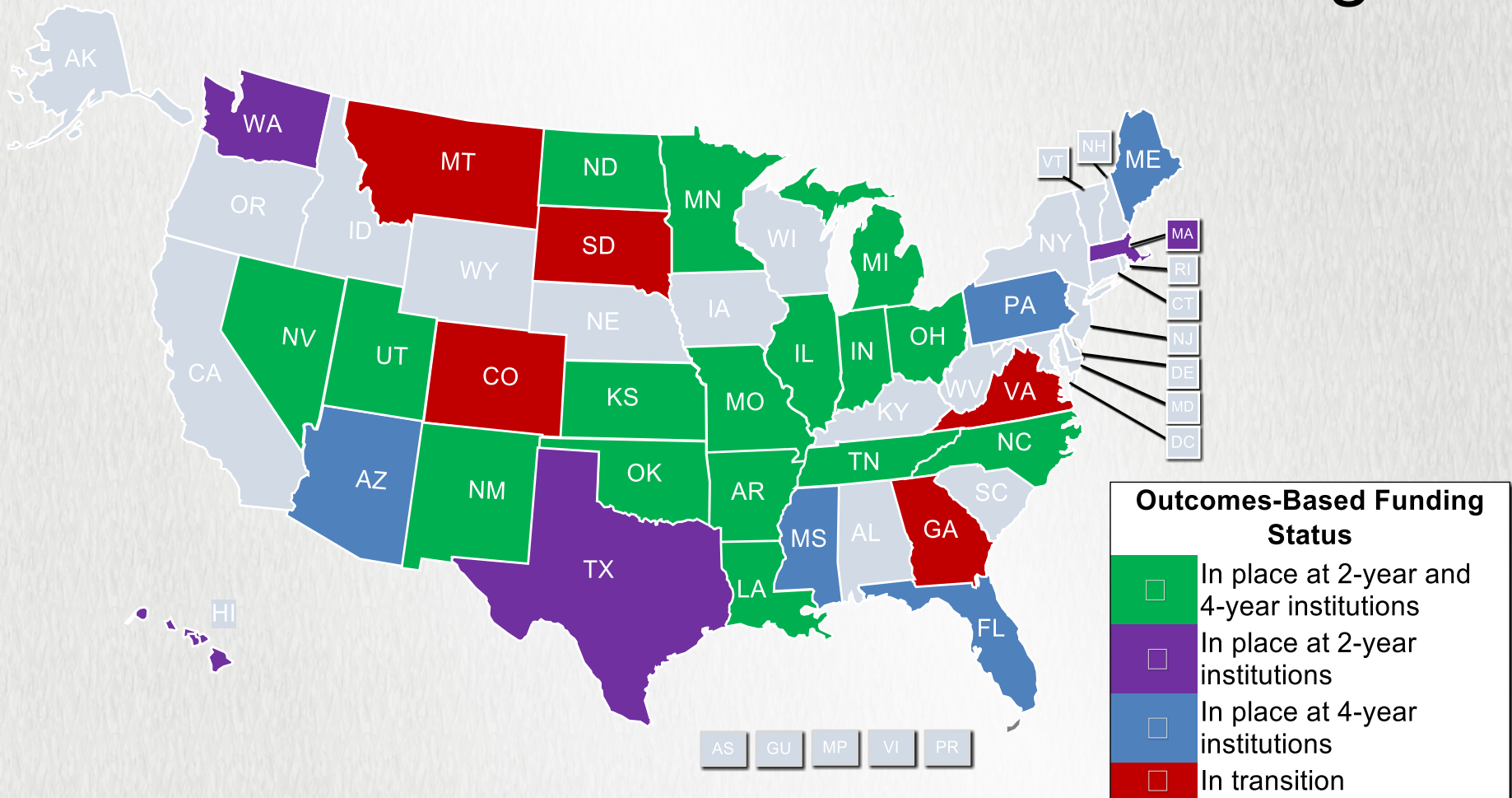
- **Georgia**

- **Graduate on Time and Education for Public Service Student Loans**
  - Never funded
- **Student Access Loan**
  - Students only eligible if they exhaust all other forms of aid and still have an unmet need





# Performance or Outcomes Funding





# Performance or Outcomes Funding

- States that have included a metric to reward institutions for efficient degree production or cost containment
  - Florida - average cost per student
  - Illinois - cost per credit hour and costs per completion
  - Maine - Number of degrees per \$100,000 of net tuition and fee revenue and state education and general appropriations
  - Minnesota - decrease administrative costs
  - Missouri - include a financial responsibility and efficiency metric such as expenditures per credit hour
  - Michigan - placed a cap on tuition increases for institutions to be eligible for new appropriations which were awarded based on performance





# Online Learning

- **Massive Open Online Courses (MOOCs)**
  - Offering for credit has proven elusive
  - Colorado State University
  - Georgia Tech University
  - Florida law requires the State Board of Education and the Board of Governors to adopt rules allowing students to earn academic credit for online courses, including MOOCs, prior to initial enrollment at a postsecondary institution.
- **Use of online courses to improve efficiency of state systems**
  - California law allows students enrolled at CSU campuses to take online courses from any CSU institution





# Competency Based Learning

- **Emphasis is on demonstrating competencies or skills often through project-based work**
  - Students complete subject area assessments at their own pace and move on to new courses when they demonstrate proficiency in a skill
  - Departure from more traditional system of awarding grades based on seat time or credit hours
- **Potential to provide students with lower cost and faster path to a degree or certificate**
- **Appeals to nontraditional students**





# Final Thoughts

- **No easy solutions**
- **Room for innovation**
- **Cost savings by institutions are often not passed on to students**
- **Ensure students, rather than institutions, realize the full benefits**
- **Ensure students who do not receive the aid are not unintentionally negatively affected.**





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