

The Rhode Island State Grant Impact Study

Preliminary Findings

June 2015



Executive Summary

This report summarizes preliminary findings from a study of the Rhode Island State Grant Program. Through a collaborative partnership between the Rhode Island Higher Education Assistance Authority (RIHEAA) and the New England Board of Higher Education (NEBHE), this study specifically focused on grant recipients who were first-year undergraduates in academic year (AY) 2007-08.

The study sought to answer these key questions:

Who does the Rhode Island State Grant serve?

- A majority of state grant recipients came from the lowest-income families in the state.

How successful is the Rhode Island State Grant at lowering the cost burden for students seeking to access higher education?

- Historically, the Rhode Island State Grant offset a significant portion of tuition and fees at Rhode Island public institutions. Recent decreases in the maximum grant award amount combined with rising tuition and fees threaten the grant's historically strong purchasing power.

How successful is the Rhode Island State Grant at helping students complete a postsecondary credential?

- Grant recipients in the data set were 19 percentage points more likely than non-grant recipients to earn a degree or credential by spring 2014.

The study also identified additional areas for consideration to inform future programmatic or policy-focused changes. Those areas are summarized at the end of the report.



About NEBHE

Established in 1955, the New England Board of Higher Education (NEBHE) develops and implements strategies to increase regional competitiveness through expanded college readiness, participation and success. NEBHE assists state, system and institution leaders in developing and implementing education programs, policies and best practices to increase college completion and to promote collaboration and efficient use of innovative resources.

Project and Study Overview

The cost of attending college continues to rise. Based on data from the College Board, New England postsecondary institutions have the highest average published tuition and fee rates in the country. In the meantime, many New England state need-based grant programs have struggled to maintain their purchasing power. Average state grant awards decreased nearly 30% between AY2008-09 and AY2012-13—with an even greater decrease of 42% in Rhode Island.

As family incomes in the region continue to stagnate, college affordability has become one of the largest barriers to students enrolling in and earning a postsecondary credential.

To support New England states considering how state financial aid may be used more effectively to improve college access and success, the New England Board of Higher Education (NEBHE) was awarded a \$404,400 grant from Lumina

Students Included in the Study

RIHEAA provided NEBHE with the data used for this analysis through a data sharing agreement (Appendix). The data set included de-identified student-level information for students who:

- Filed a FAFSA for AY2007-08
- Had a primary EFC level less than \$10,001 at the time of the state grant deadline
- Were first-year undergraduates who had either “never attended college” or “attended college before” in AY2007-08
- Enrolled for 24 or fewer enrollment terms

This included 18,187 students, 12,001 of whom (66%) received a grant at some point during their postsecondary enrollment. The majority of students in this study first enrolled in college in AY2006-07, when the maximum grant awarded was \$700 per semester (\$1,400 per year).

Redesigning Student Aid in New England

The Finance Authority of Maine, Massachusetts Department of Higher Education’s Office of Student Financial Assistance, and the Rhode Island Higher Education Assistance Authority were selected through a competitive process to participate in NEBHE’s Redesigning Student Aid in New England (Redesigning Aid) project. Funded by Lumina Foundation, the two-year initiative is focused on exploring and studying how states might redesign and align their student financial aid policies, priorities and programs with state needs to increase postsecondary attainment.

In Phase I, state agencies each received \$7,500 to conduct an impact study of current state-supported financial aid programs and, in the case of one state, respond to legislation that required a study to amend current program eligibility guidelines.

Foundation in early 2014 to launch Redesigning Student Aid in New England (Redesigning Aid). Through Redesigning Aid, NEBHE partnered with the Rhode Island Higher Education Assistance Authority (RIHEAA) to conduct research on the impact of the Rhode Island State Grant Program.

The following report outlines key findings from the initial research stage of the project, which identifies ways the Rhode Island State Grant may affect student access to and completion of a postsecondary credential. Due to data limitations, the analysis does not take into account many factors known to affect students’ postsecondary trajectories. These include factors such as students’ academic preparation, postsecondary enrollment patterns (e.g. full-time vs. part-time enrollment, concurrent enrollments at multiple institutions) and other financial aid awards. These and other important areas for additional study are outlined at the end of the report for Rhode Island State Grant administrators and state policymakers as they consider future programmatic or policy-focused changes.

The Impact of the Rhode Island State Grant

Background and Context

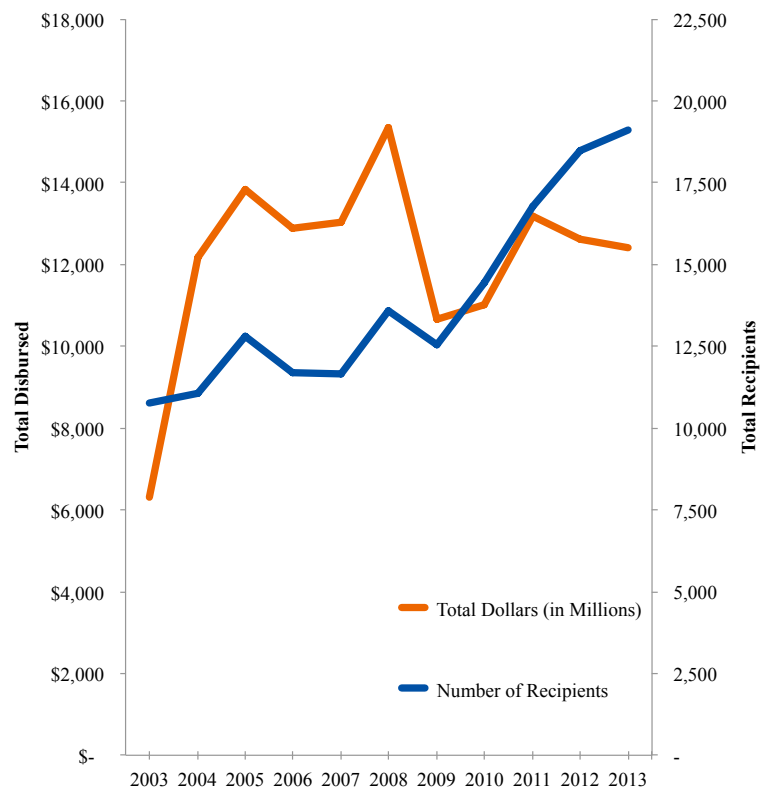
Administered by RIHEAA, the Rhode Island State Grant is Rhode Island's primary need-based grant program. The grant is an integral part of RIHEAA's mission to "enhance educational access and choice for the residents of Rhode Island by promoting equality of opportunity for postsecondary education to students who would otherwise be restricted financially from participating in the educational program best suited to them."

Students are eligible for the grant if they are Rhode Island residents, enrolled in a certificate- or degree-granting program at an eligible postsecondary institution, and exhibit financial need. Students may use the grant at any accredited in-state or out-of-state postsecondary institution recognized by the U.S. Department of Education. Students apply for the grant each academic year by submitting the federal Free Application For Federal Student Aid (FAFSA) by March 1.

Grants are renewable for up to three academic years after the initial award. To qualify for additional awards, previous grant recipients must remain in good academic standing at their postsecondary institution as well as meet the March 1 application deadline.

Student financial need is determined by subtracting a student's expected family contribution (EFC) and estimated Pell Grant from tuition and fees and a standard living allowance. If a student enrolls at a Rhode Island public or private institution, the institution's tuition and fee rate is used in the formula. If a student enrolls at any out-of-state institution, the University of Rhode Island's in-state tuition and fee rate is used in the formula.

Figure 1: Rhode Island State Grant Total Dollars Disbursed and Number of Recipients, 2003-2013



Source: National Association of State Student Grant & Aid Programs

The Rhode Island State Grant has a statutory maximum of \$2,000 per year and minimum of \$250 per year (Rhode Island General Law, § 16-56). Over time, increasing numbers of eligible students and declining available funds have reduced the programmatic maximum award amount granted by RIHEAA (Figure 1). By AY2014-15, the maximum Rhode Island State Grant award granted to students was \$250 per semester or \$500 per year.

Rhode Island State Grant Formula for Determining Grant Eligibility

$$\begin{aligned} & \text{Tuition \& Fees + Living Allowance} \\ & - (\text{Expected Family Contribution} + \text{Pell Grant}) \\ \hline & = \text{Financial Need} \end{aligned}$$

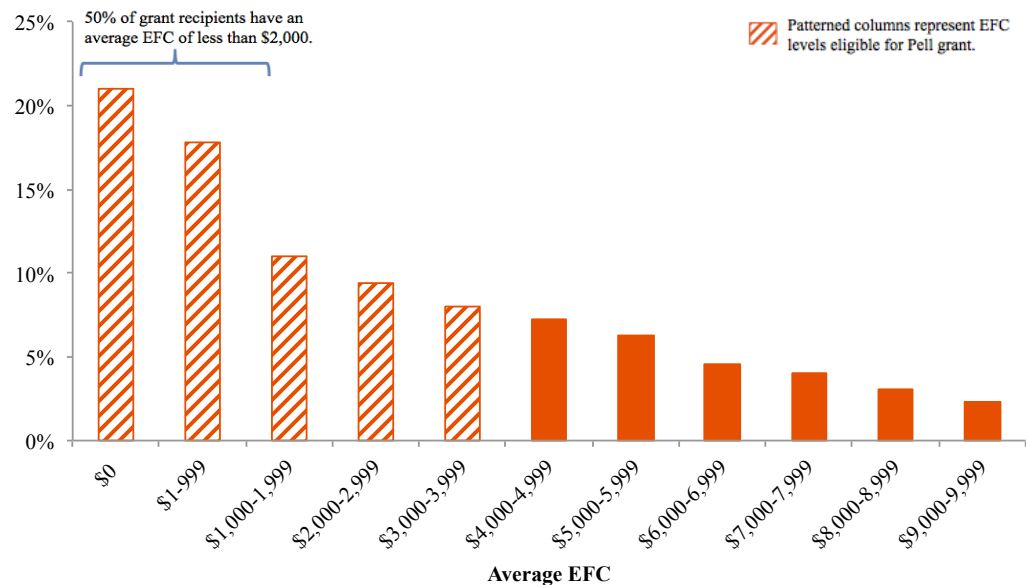
*Students financially qualify for a grant if 25% of calculated **financial need** is greater than \$1,000.*

Who does the Rhode Island State Grant serve?

The Rhode Island State Grant lowers the cost of college for students who need aid the most.

- Two-thirds of grant recipients included in the study had average Expected Family Contribution (EFC) levels qualifying them for a federal Pell Grant (Figure 2).
- The grant serves some students beyond federal Pell Grant eligibility rules as a result of the awarding formula.
- Grant funds often supported younger, financially dependent students. 74% of students were under age 25; 80% were financially dependent.
- Nearly 60% of students who received a grant received an award for less than 75% of their postsecondary enrollment. Due to limitations in the data and resources available for this analysis, it is unclear why many students received the grant only for a portion of their time in college.

Figure 2: Share of Grant Recipients by Average EFC



How successful is the Rhode Island State Grant at lowering the cost burden for students seeking to access higher education?

Historically, the grant paid for a significant share of tuition, fees and other costs for many students.

- In AY2006-07—the first time many students in the study enrolled in college—the maximum grant award covered 57% of tuition and mandatory fees at the Community College of Rhode Island (CCRI), 29% at Rhode Island College (RIC), and 18% at the University of Rhode Island (URI). These three institutions served the most grant recipients (Table 1).
- When combined with a full federal Pell Grant award, the Rhode Island State Grant covered over 100% of

Table 1: State Grant Purchasing Power & Enrollment (2006-07)

	State Grant as a Share of Tuition & Fees	Grant Recipients Enrolled as a Share of All Grant Recipients
Community College of Rhode Island	57%	23%
Rhode Island College	29%	19%
University of Rhode Island	18%	23%
New England Institute of Technology	9%	4%
Johnson & Wales University	7%	4%
Roger Williams University	5%	2%
Providence College	5%	2%

Note: Purchasing power is based on the maximum state grant as a share of tuition and mandatory fees for a \$0 EFC student.

tuition and fees at CCRI and RIC and 71% of tuition and fees at URI for \$0 EFC students.

- Students in the study also enrolled in large numbers at the New England Institute of Technology, Johnson & Wales University, Roger Williams University and Providence College.
- Almost one in four grant recipients used the grant to pay for tuition costs at a postsecondary institution outside Rhode Island. This varied by income (EFC) status. One in three grant recipients at the highest income status enrolled out-of-state, compared with one in seven of the lowest-income grant recipients.

How successful is the Rhode Island State Grant at helping students complete a postsecondary credential?

The historic purchasing power of the grant may have helped increase grant recipients' likelihood of completing a credential.

- By AY2013-14, grant recipients were much more likely to complete a credential than those students who did not receive a grant. In fact, 58% of grant recipients completed a degree or credential compared with 39% of non-grant recipients (Figure 3).
- Grant recipients consistently demonstrated higher degree completion rates than non-grant recipients across EFC levels (Figure 4).
- Factors affecting degree completion rates in addition to state grant aid include level of academic preparation, first-generation status, financial dependency status, institutional student support services, other sources of financial aid and enrollment intensity (i.e. full-time vs. part-time enrollment).

Figure 3: Completion Rates by Grant Recipient Status, AY2006-07 through AY2013-14

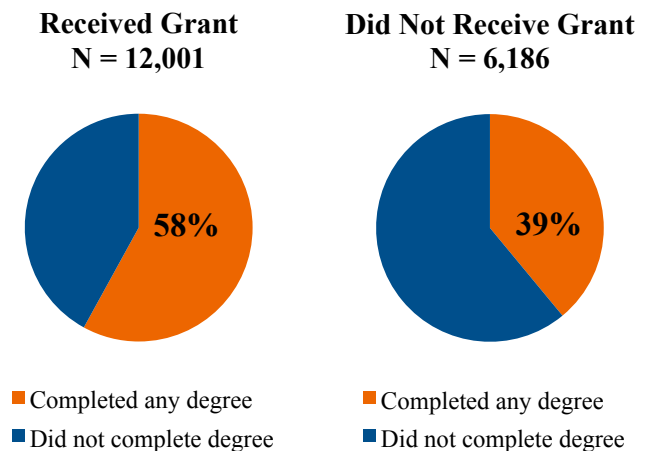
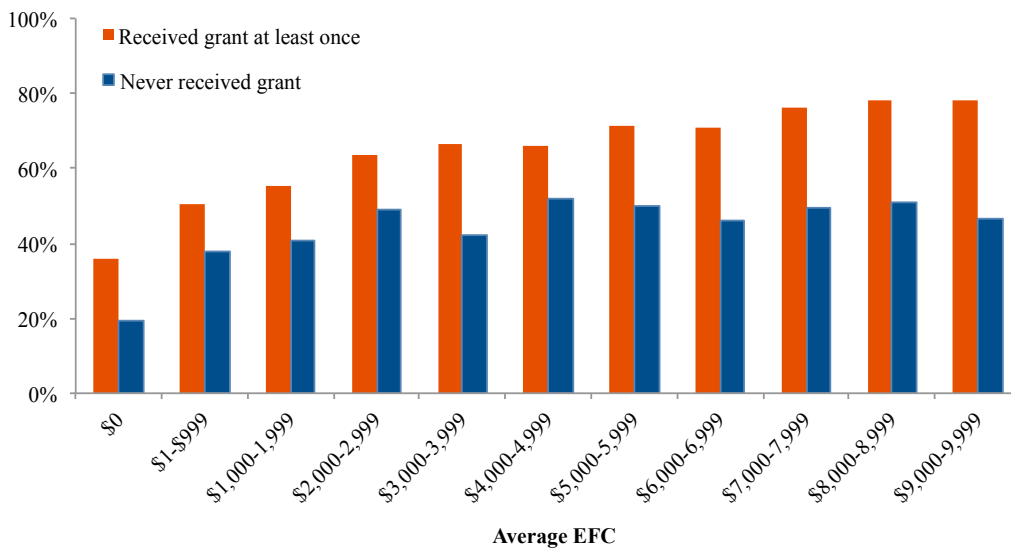


Figure 4: Degree Completion by Grant Recipient Status and Average EFC, AY2006-07 through AY2013-14



Additional Areas for Study

As state financial aid administrators and policymakers consider policy and programmatic changes to the Rhode Island State Grant program, the preliminary findings from this analysis identified critical questions that policymakers and program administrators should keep in mind.

Decreasing grant awards combined with rising tuition and fees has significantly reduced the purchasing power of the grant.

With the reduction of the maximum grant award to \$250 per semester in AY2014-15, the Rhode Island State Grant no longer lowers the cost of attendance for students as significantly as in the past. The grant now covers only 13% of tuition and fees at Community College of Rhode Island, 7% at Rhode Island College, and 4% at University of Rhode Island. For the lowest-income students enrolled at the Community College of Rhode Island, the Rhode Island State Grant may help augment a Pell Grant to cover costs beyond tuition and fees, such as books and other living expenses. At Rhode Island College, however, the Rhode Island State Grant combined with a federal Pell Grant no longer covers tuition and fees—a change from AY2006-07 (Table 2). State policymakers should consider the following questions:

- How is funding for the Rhode Island State Grant meant to complement state appropriations to public higher education institutions?
- What level of college affordability does the state seek to establish and retain for Rhode Islanders?
- Which college-going Rhode Islanders are of highest priority for the state to support through student grant aid?
- What Rhode Island State Grant award amount will incentivize college access, persistence and completion?

The impact of the grant on student persistence toward a credential is still unclear.

More information on how the grant is perceived by students and how it may complement institutional aid or student success initiatives would help elucidate the impact of the grant on students' pathways to a degree. Program administrators should consider the following questions:

Table 2: State Grant as a Share of Tuition & Fees

	2006-07	2014-15	Change
Community College of Rhode Island	57%	13%	-44%
Rhode Island College	29%	7%	-22%
University of Rhode Island	18%	4%	-14%
New England Institute of Technology	9%	2%	-7%
Johnson & Wales University	7%	2%	-5%
Roger Williams University	5%	2%	-4%
Providence College	5%	1%	-4%

Note: Calculations are based on the maximum state grant as a share of in-state tuition and fees for a \$0 EFC student.

- How do student outreach efforts and other programmatic elements of the grant intersect with state- or institution-based FAFSA completion and college enrollment initiatives?
- What are the most effective steps program administrators can take to increase grant renewals?
- How does the grant complement institutional and federal aid packages, if at all?

Additional information is still needed to determine the grant's effectiveness.

This preliminary analysis raised additional questions and the need for more data analysis that would further understanding of the grant's impact on students. Policymakers and program administrators should consider collecting and reporting data elements that answer a set of questions specifically related to program effectiveness and accountability. These might include:

- How do grant recipients' college enrollment and persistence rates compare with those of non-grant recipients, by institution and academic preparation?
- How do grant recipients' degree completion rates compare with those of non-grant recipients, by institution and academic preparation?

This report was prepared by the New England Board of Higher Education, supported by a grant from Lumina Foundation. Please address questions or comments to Monnica Chan at mchan@nebhe.org or 617-533-9530.