

IMPROVING THE TARGETING, PREDICTABILITY, AND SIMPLICITY OF NORTH CAROLINA'S STATE GRANT PROGRAM

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STRENGTHS

- Aid is need-based
- Includes students in public two-year and four-year institutions and private nonprofit colleges and universities
- Includes students who are not recent college graduates
- Public sector tuition and fees are low by national standards

GOALS OF GRANT AID

- Increase both access and success
- Change student choices and behaviors

TARGETING

- Equity: Targeting aid to students with financial need narrows gaps in available opportunities
- Efficiency: Targeting aid to students with financial need maximizes the impact of the funds on educational attainment.
- Structure: Incentives embodied in program (e.g. enroll full time, take summer courses)

PREDICTABILITY AND SIMPLICITY

- Do students know about the aid?
- Is it difficult to navigate the application process?
- Can students make reasonable estimates in advance about how much aid they will receive?

TARGETING

- Aid focused on students with lower ability to pay;
- Differences in aid amounts based on appropriate differences in circumstances;
- Minimize cliff effects—sharp differences in aid between students on one side or the other of an arbitrary line;
- Avoid deadlines and requirements that disproportionately harm disadvantaged students;
- Meet the needs of students of different ages and with different goals;
- Ensure that state programs mesh well with federal (and institutional) aid programs

TARGETING ISSUES

- **Last dollar programs (Tennessee Promise)**
 - Giving all students same aid amount / tuition discount counteracts progressivity of Pell program.
- **Detailed need analysis (Vermont)**
- **Tuition and fees vs. total budget (Texas Grant)**
 - TF covered for all grant recipients from combination of sources up to over \$5,000 in EFC.
- **Cliff effects (Cal Grant)**
 - All or nothing
- **Shared responsibility model (Minnesota)**
 - COA - Defined student share - EFC – Pell = state grant
 - Pell replaces state grants aid; COA with standard allowance for other expenses

INTERACTION OF STATE GRANTS AND PELL GRANTS

EFC	Pell	State (constant then \$0)	Total Award (Cliff effect)	State Constant, then gradual decline	Total	State declines like Pell	Total (Steep slope)
\$0	\$6,000	\$3,000	\$9,000	\$3,000	\$9,000	\$6,000	\$12,000
\$2,000	\$4,000	\$3,000	\$7,000	\$3,000	\$7,000	\$4,000	\$8,000
\$4,000	\$2,000	\$3,000	\$5,000	\$3,000	\$5,000	\$2,000	\$4,000
\$6,000	\$0	\$0	\$0	\$1,000	\$1,000	\$0	\$0
\$8,000	\$0	\$0	\$0	\$1,000	\$1,000	\$0	\$0
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0

WHO QUALIFIES?

- Only recent high school graduates?
- Only those with continuous enrollment?
- Only full-time students?

- 30% of undergraduate students are over the age of 24
- 38% are enrolled part-time.
- 20% of federal Pell Grant recipients are over the age of 30.

BEYOND NEED AND MERIT

- Incentives for academic progress vs. rewarding high school grades and test scores

- Full time with 12 credit hours per semester?

- Students who completed bachelor's degrees in 2014-15 were enrolled for an average of 5.1 full-time academic years.
- Those who completed associate degrees were enrolled for an average of 3.3 years.

- 15 to Finish campaigns, dollars for extra credit hours, prorated awards

- Credits vs. GPA

PREDICTABILITY

- Provide straightforward, easy-to-access information;
- Have simple formulas so tables can provide students with good estimates of the aid they will receive;
- Determine eligibility as early as possible so students can incorporate the information in their college planning; and
- Make eligibility for continuing awards clear and logical.

PREDICTABILITY

- Early commitment (Indiana, Oklahoma, Washington)
- Look-up tables based on income (not EFC)
- Planning for economic downturns

SIMPLICITY

- Incorporate lessons from behavioral economics
- Allow as many students as possible to receive their aid through one state program, rather than multiple programs;
- Make the application and award processes as simple as possible;
- Make the eligibility formula as simple as possible

SIMPLICITY

- Avoiding multiple programs with different requirements and grant formulas
- Avoiding complex requirements
- Clear, easy-to-use websites
- Personalized advance estimates of aid
- Standardized award letters

ISSUES IN NORTH CAROLINA: MULTIPLE PROGRAMS

- Separate programs for each sector
- Individual students receive aid from lottery program *and* UNC or CC program.
- Education Lottery Scholarship (ELS) provides community college students with EFCs of \$5,000 or less a floor of \$3,997 on grant aid and the Community College Grant (CCG) provides those same students a floor of \$4,680.
- Covering living expenses for all students, including community college students

LEVEL TOTAL GRANT AID FOR STUDENTS WITH A WIDE RANGE OF EFCs

- CCG foundation: \$4,680 in grant aid for students with EFCs \leq \$5,000
- Lowest-income students receive more than this amount from Pell, so receive no state grant support.
- **For students with a range of incomes, total grant aid is the same.**
- Those receiving \$4,680 in Pell Grants (income of about \$37,000 for a family of four) to those with EFCs = \$5,000 (income of about \$60,000 for a family of four),
- Difference just in the breakdown between federal and state grant aid
- Counteracts progressivity of Pell program

OTHER ISSUES

- Determining EFC: Alternative formula in UNCNBG
- Incentives for timely completion: More money for more credit hours; summer funding; completion bonuses?
- Communication: Better website, single net price calculator
- Coordination with Pell: Supplement federal funding
- Review role an equity of institutional grants, including “tuition set-asides”

KEY STEPS

- Consolidating programs
- Ensuring that students with lower resource levels receive more grant aid than those with greater ability to pay
- Strengthening communication efforts
- College success depends on academic and social support systems, not just price.
- Incorporate advising and supports into aid programs.
- Emergency aid funds.
- Implement pilot programs and gather rigorous evidence