USC CENTER FOR ENROLLMENT RESEARCH, POLICY, AND PRACTICE

presents

Aid in an Age of Uncertainty

January 22-23, 2009

Marriott Marina del Rey
4100 Admiralty Way
Marina del Rey, California 90292

Summary Proceedings
January 22, 2009

Welcome and Opening Remarks

*Jerome Lucido, Executive Director*
*Center for Enrollment Research, Policy, and Practice*
*University of Southern California*

Welcome to “Aid in an Age of Uncertainty,” the first of what will soon become the Symposia Series brought to you by the Center for Enrollment Research, Policy, and Practice at the University of Southern California. The mission of our center is to propel the light that is focused on college access, admission, and success through the prism of social science researchers, policymakers, and practitioners to enhance knowledge and to better inform the people, policies, and practices in this field that serves the needs of students, institutions, and society. Wiser and more equitable are watchwords that we hope to live up to.

We are eager to address one of the most salient issues in higher education today – how to provide uninterrupted access in a period of economic uncertainty. We know this is an issue that matters to students and their families and, based upon the turnout for this symposium, we know it is an issue that also matters to practitioners and policymakers.

We begin with a keynote address by David Longanecker, president of the Western Interstate Commission for Higher Education (WICHE). Tomorrow we will continue the symposium and bring forth many more talented and thoughtful presenters in a forum in which all of us can be active participants. It is our hope that, by the end of the symposium, all presenters and participants will:

1. Come away with a greater understanding of how colleges and universities have historically responded to periods defined by constrained budgets, slumping endowments, and restricted credit
2. Learn how institutions may more effectively structure their aid efforts during the economic crisis
3. Enhance their capacity to develop aid strategies that are better insulated from external economic forces in hopes of ensuring that students have unencumbered access to student aid and will therefore be more apt to pursue and complete postsecondary degrees
4. Learn how federal and state government officials may assist with efforts to aid students during the economic crisis
Keynote Address

David A. Longanecker, President
Western Interstate Commission for Higher Education (WICHE)

How has higher education evolved over time with regard to its approach to aid issues and what can this tell us about where it is headed? To what extent will federal and state governments assist with efforts to provide uninterrupted access to higher education for students and their families during this time of fiscal constraint and uncertainty? How can institutions better structure their aid efforts? David A. Longanecker, president of the Western Interstate Commission for Higher Education (WICHE), drew upon his knowledge and expertise to attend to these and other issues during his keynote address for the symposium, “Aid in an Age of Uncertainty” hosted by the Center for Enrollment Research, Policy, and Practice at the University of Southern California. Dr. Longanecker began with a historical overview of aid in America, provided recommendations for financial aid policies, and previewed the role of federal and state governments in the coming years.

Historical Context

In the early days of higher education in the United States, access was not a public goal. Instead, institutions through the mid 19th century existed to educate the few and maintain their privileged status. However, a meritocratic system soon emerged during the Land Grant movement during the 1860’s in an effort to educate the sons of the middle class and drive economic development in the United States. As such, broad access began to emerge as a public goal.

This goal became even more prominent during the 20th century, with economic concerns again serving as a catalyst. With countless servicemen returning home after World War II, the United States government created the G.I. Bill in 1944 to re-educate and re-train former soldiers and military officers and also gradually re-introduce these servicemen back into the economy. By first placing servicemen into colleges and universities and having them graduate and seek jobs at staggered rates over a period of many years, the economy was protected from what would have surely been the overwhelming prospect of trying to employ all war veterans simultaneously.

The Higher Education Act (HEA) of 1965, part of President Lyndon Johnson’s Great Society ambitions, further promoted an egalitarian system of higher education. The HEA was comprised of a triad philosophy that would guide higher education for the next couple of decades; this triad was committed to providing geographic access, tuition that was “as free as possible,” and need-based financial aid. Upon closer review, geographic access was supposed to be maintained by the national rise of the community college. Meanwhile, tuition costs at public universities were subsidized by state governments under the notion that higher education was a worthy public investment. Finally, financial aid was structured so as to reduce the burden of attending college, especially on middle- and low-income families.
Keynote Address continued

Unfortunately, the success of the triad was short-lived. Scholars, practitioners, and policymakers soon discovered that student access did not necessarily lead to success. Geographic access did succeed at offering students more postsecondary opportunities but many of these students were not prepared for the rigors of college and progression rates were slow as a result. On a related note, low tuition did encourage greater participation but led to budget constraints for public institutions and a sense by policymakers that tuition increases were the natural solution. On the aid front, subsidy structures evolved such that they were less focused on helping those in need and more focused on helping those who vote; i.e. the middle- and upper-class. As a result, grants gave way to loans and tax credits, all of which were unable to keep up with the rising cost of attending colleges and universities. Concurrently, the access agenda began to find itself overshadowed by other policy challenges just as the public and policymakers tired of an agenda defined by low success rates and insatiable funding requests.

By the 1990’s a new era began in higher education with the decade’s economic boom driving educational policy. With the economy expanding and tax revenues flourishing, a movement toward privatization took root. Though state support increased as far as actual dollars are concerned, the percentage of state budgets dedicated to higher education began a steady decline and institutions made up the difference through tuition increases. This was not a major concern during this period because of the vibrant economic environment. As such, many students had the ability to pay and did and more students attended postsecondary institutions.

However, despite what seemed on the surface to be a golden age for students and institutions with both student participation and institutional revenue steadily increasing as a result of tuition hikes, few gains were being made with regard to student access and success. Consequently, a push toward the use of merit aid began, with the Georgia HOPE scholarship leading the way. This program reinvested lottery funding into college scholarships that were distributed to students based on their academic qualifications. From a state policy perspective merit promised greater participation by the middle-class, holding power on the best and the brightest, political prowess, and a way to increase access without necessarily undercutting the availability of need-based aid. From an institutional perspective, merit promised a competitive advantage, at least until states outside of Georgia recognized the benefits of the program and created similar programs.
Keynote Address continued

As the nation welcomed the new millennium, a dismal economic reality set in. As such, tuition costs continued to sky-rocket but the availability of financial aid and ability of students to pay eroded, thereby leading to a decline in postsecondary enrollment. On a more positive note, policymakers and institutions were strongly encouraged to take a step back and analyze the overall system in an effort to make it more effective in an era of resource constraint. What emerged was a movement toward “frugal essentialism,” with new and more focused efforts to create programs aimed at going beyond just bringing students in the front door to colleges and universities but to making sure students also graduate and succeed. The concept of “need” was also reassessed, redefined, and reemphasized to aid in these efforts. Wealthier private institutions such as Harvard, Princeton, and MIT, and public flagships such as the University of North Carolina and the University of Virginia launched innovative programs geared toward facilitating access and success for lower-income students. Not to be outdone, other institutions with the financial capacity to act benevolent also established similar programs of their own. Unfortunately, the societal impact is debatable because these programs tend to enroll an extremely small fraction of the student body at each institution.

Not every effort, however, took place at an institutional level. A handful of states have pushed forth programs that focus on funding need in an effort to promote student access and success. In the west, for example, Washington and California have strong need-based programs in place and respectable programs are emerging in Wyoming, Oregon, and New Mexico. Nevertheless, barriers continue to stand in the way of the development and success of these programs; many members of the public view access initiatives as supporting free loaders and also refuse to pay higher taxes for higher education, which continues in many respects to be viewed as more a private than a public good. Despite these barriers, institutions are taking steps to better integrate their tuition and aid policies and serve their public missions.


That being said, aid practitioners should recognize what makes a good financial aid policy. For instance, they should develop a contemporary “local” aid philosophy by re-working their needs analysis and using the culture of their community to inform their aid efforts; the HOPE scholarship program may have worked in Georgia but when it was adopted by Nevada it was much less successful. Likewise, it would be much less feasible for an institution with a small endowment to commit to need-blind admissions or to promising a tuition-free education to low-income students. A good aid policy is unique to and in sync with an institution’s resources and culture.

In addition, a good financial aid policy is affordable and effective. As such, evidence should suggest that it really will remove barriers for students. Some policymakers pour a substantial amount of aid into middle-class students in hopes of encouraging them to attend college, not realizing that for the majority of middle-class students it’s not a question of if they attend but where they will attend. On a similar front, policymakers should ask whether an aid policy is defensible, fair, and whether the resources actually exist to make it fundable at both state and institutional levels.
Keynote Address continued

A good financial aid policy is also transparent. Consumers must be able to understand an aid policy if they are to utilize it and, by extension, benefit from it. Institutions, too, should be able to buy and complement the policy. Of course, consumers and institutions will only utilize and support an aid policy if it is visible and easily and effectively implemented as well.

Of course, what makes a good aid policy for students is not what necessarily makes a good aid policy for institutions. This can be thought of as the great conundrum of aid policies in the new and emerging world. Transparency and the availability of information may benefit students but in a higher education system defined by the spirit of competition, institutions may be reluctant to publicize their discount rates while trying to secure the enrollment of desirable students. Likewise, students may benefit as institutions compete for them by offering various tuition discounts but institutions collectively suffer from a financial standpoint when competing with one another in this fashion.

A Brave New World: What Lies Ahead

Having laid out the historical context of aid in America and reviewed a series of recommendations for informing good financial aid policy, what should aid practitioners in particular expect in the coming years as a “Brave New World” unfolds? For starters, any hope that the federal government will save the day should be tempered. The federal government may simplify the aid process for students in the coming years but practitioners should not expect a similar commitment to reducing complexities for practitioners and institutions. With the economy floundering and many competing priorities facing the new presidential administration, federal financial support will also likely be stagnant. Add to this no clear cut path to success when it comes to how best to structure an exemplary admission and aid system in the United States and higher education is apt to find itself at the back of the line behind defense, economic, environmental, and even K-12 issues.

At the state level the outlook is better for higher education but not altogether bright. There appears to be an ever-increasing interest in funding student need but with numerous states suffering tremendous budget deficits at the hands of the collapsing housing market, little money exists to effectively fund new need-based aid initiatives. On a positive note, more interest is being put into contextually relevant work study programs. For example, traditional aid models ask students to put off working to attend college. However, some cultures, including the Hispanic/Latino community, do not openly embrace such a model. Work study programs that allow Hispanic/Latino students to work while attending school may more effectively encourage these students to pursue a postsecondary education.
Keynote Address continued

That being said, independent (or private) colleges may not fare as well in the near future when it comes to state educational policy. There is talk of saving money by greatly reducing or eliminating aid to students who choose to attend independent institutions, thereby leaving many independents that do not have a brand name and the resources that accompany such prestige vulnerable in today’s economic climate.

More than anything, aid practitioners are facing a time of remarkable opportunity. With economic pressures requiring greater scrutiny as to how and where aid resources are being invested, practitioners have every reason to reexamine their institutional policies to find ways of making them more efficient, effective, and in sync with the public’s needs wherever possible. Practitioners need to look at the practice of tuition discounting and determine whether it really is a sustainable strategy and gauge the extent to which it serves the best interests of institutions and enhances access for underserved populations. On an even larger scale, practitioners and policymakers need to come together and discuss whether normalized pricing and cost structures are sustainable or are we as enrollment and aid professionals pricing postsecondary education to the point of inaccessibility and irrelevance. Hopefully, this symposium, “Aid in an Age of Uncertainty,” will allow us as aid professionals and policymakers to take one step closer to finding some answers along this front. However, we must not forget that the time for talk is fleeting. The call to action is becoming increasingly urgent.

January 23, 2009

Session I: Defining the Role of Government in the Funding and Distribution of Student Aid

Terry Hartle, Senior Vice President
American Council on Education (ACE)

Although the recent economic downturn and associated budget constraints, slumping endowments, and credit restrictions may define the first decade of the 21st century for many, federal aid to higher education has actually benefited from a period of great expansion in recent years. From 2001 to 2008, federal aid increased from $61 billion dollars to $96 billion dollars in the United States. This greater investment in federal aid has been coupled with numerous congressional bills aimed at facilitating student access and improving student success. These Bills include:

1. The College Affordability Act of 2007, which moved money from banks to students to help them access funds and pay for college.
2. The Ensuring Continued Access to Student Loans Act of 2008, which addressed liquidity problems for the Federal Family Education Loan Program (FFELP) and sought to provide students with more opportunities to borrow from the federal government rather than have to rely on private lenders.
A number of additional bills are also in the works. These include a new G.I. Bill that aims to remove barriers for returning soldiers and provide them with $60 billion dollars in benefits over the next five years. In addition, the American Opportunity Tax Credit was supported by President Obama during his campaign; however the feasibility of this effort to provide a $4,000 tax credit to be used toward tuition in exchange for service is in question due to its potential cost in the wake of the economic crisis. Finally, the American Recovery and Reinvestment Act seeks to provide a massive stimulus package for higher education that includes an increase in the value of Pell grants and distribution of these grants to an additional one million recipients over the next two years, the largest Federal Work Study increase in U.S. history, an increase on loan limits for unsubsidized loans to encourage borrowing and facilitate greater access to postsecondary education, an expansion of federal tax credits to $14 billion dollars over the next decade, and infrastructure repairs for educational institutions. This stimulus package, though arguably necessary, is of great concern to policymakers. After the package is implemented and funded for the next two years, no future funding plan currently exists. In effect, policymakers are banking on the fact that the stimulus package will help rescue the economy and collectively lift students and institutions upward toward a more sustainable path. This spending approach is markedly different from the approach taken during the recession of 1980-82 when President Reagan reduced aid eligibility and Pell grant levels in an effort to balance the budget deficit.

Increased federal aid and investments do not come without strings, however. Aid practitioners and policymakers need to be aware that increased financial oversight is likely in the coming years. Lawmakers are already expressing interest in the way institutions with substantial endowments go about funding educational opportunity and a movement to more closely monitor how institutions aid students and contribute to learning outcomes is gaining momentum in the halls of Congress. The government’s role in funding the postsecondary education of students is changing, though only time will tell whether it is for better or worse.

Sarah Ducich, Vice President of Public Policy
Sallie Mae

Today’s economic crisis has been especially powerful because it has effectively created an environment with “chicken and egg” type ramifications. More specifically, students and their families depend on loan providers to help them meet the financial costs of a college education. Likewise, loan providers count on a strong economy to keep costs low so loans continue to be profitable enough to offer, thereby ensuring tuition fees can be met.
In 2007, Congress passed a budget reconciliation bill called the College Cost Reduction and Access Act of 2007 (CCRAA) that increased the maximum Pell grant award and reduced interest rates on subsidized student loans. To pay for these provisions, the legislation reduced the amount lenders made on the loans by reducing the yield formula, increasing fees, and reducing default insurance. These cuts were taken in the most ideal funding environment. However, by January 2008, with the financial markets beginning to spiral downward and little margin for error due to the CCRAA, loans were barely profitable for large lenders and small lenders began to assume serious losses. By March 2008, funding costs had risen substantially and all loans were made at a loss. Lenders no longer had an incentive to loan money and this, of course, had serious ramifications for higher education access.

Congressional hearings soon followed, with key hearings by the House and Senate Education committees as well as the Senate Banking Committee, and legislation passed quickly through Congress in the spring of 2008 to help increase liquidity and to assure that loan money was available for students and their families. The Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) was passed by Congress and signed into law a mere two weeks later. This law raised loan limits, made changes to the PLUS loan, made changes to the Academic Competitiveness grant and the SMART grant, enhanced and improved the lender of last resort, and gave the Secretary of Education the authority to purchase or commit to purchase Stafford and PLUS loans. As a result, the first liquidity programs took shape, lowering funding costs and allowing lenders such as Sallie Mae to make a marginal profit per loan. These programs became available just in time. In September, one month after the advent of the first liquidity programs, the credit markets were rocked by the collapse of major financial institutions such as Lehman Brothers, leading to economic turmoil and an explosive rise in funding costs for FFELP loans.

Although today’s headlines may lead students to believe very few of them have access to necessary loans for college, the following concerted efforts are being made at the federal level to drive down the cost of FFELP loans and assure unencumbered access to student loans.

1. Congress has passed a one-year extension of the ECASLA
2. A short-term Put Program has been put into place for Stafford and PLUS loans originated before May 1, 2008
3. A “Straight-A Funding” program has been initiated to reduce funding costs and to bring private capital to fund Stafford and PLUS loans
4. A Term Asset-Backed Securities Loan Facility (TALF) has been developed to support issuance of asset-backed securities (ABS) collateralized by student loans, auto loans, credit card loans, and SBA guaranteed loans
Although lending in general is still much more constricted than in years past, federal efforts to increase liquidity and encourage lending for student loans have not taken place at the expense of taxpayer dollars and, in the long-run, the aforementioned programs look as though they may even save tax dollars. More importantly access to student loans continues unabated; federal student loans are up 17% in total dollars borrowed over the last academic year and more students are receiving loans this academic year than last.

The outlook for 2009 is mixed. There is certainly good news as far as student aid is concerned. For instance, President Obama’s proposed economic stimulus package includes:

1. a $500 dollar increase in the maximum Pell Grant for AY 09/10
2. a $490 million increase for college work study
3. $50 million dollars for student aid administration
4. $6 billion dollars for higher education repair and modernization
5. a $2000 dollar loan limit increase for undergraduate Stafford unsubsidized loans
6. a CP/LIBOR fix

Although these proposed measures may benefit students and institutions, they come at a substantial price. When taking into account the proposed economic stimulus package, the budget deficit in the United States could rise to the highest percentage of the Gross Domestic Product (GDP) since World War II, exceeding a staggering 55% of the GDP. Most importantly, beyond AY 09/10 there is no clear funding plan. In effect, every effort is being made to preserve access to necessary student aid in the short-term, but with an ailing economy sliding ever downward and a clear long-term remedy lacking, questions remain as to where we as a nation will find ourselves in the not too distant future.

*Senator Carol Liu,*  
*California State Senate*

The federal government is currently facing the daunting task of trying to stimulate an economy quickly lapsing into recession. However, similar if not more trying economic challenges are being faced at the state level. The state of California, like many states across the country, is confronting a tremendous budget deficit that forces its legislators to make some difficult choices, with decisions regarding the funding and distribution of student aid chief among them.
Over 65% of aid for California students comes from the federal government. This, of course, means a sizeable portion of tuition dollars must come from elsewhere, with the state left to fund a large share. The State of California offers approximately $1 billion dollars of student aid through its CalGrants program, distributing these funds through various grants with different levels of eligibility depending upon the type of postsecondary program a student is enrolled in and designed to cover specific expenses, such as tuition and/or living expenses. Unfortunately, due to a budget shortfall in the tens of billions of dollars as a result of the housing market imploding and causing severe and far-reaching economic ripples, there is pressure to reduce state programs. As such, the CalGrants program finds itself on the chopping block and there are efforts underway to impose significant budget cuts, higher fees, hiring freezes, and stall capital improvement projects at the state’s UC, CSU, and community college institutions. The State of California is set to officially run out of money on February 1st. Drastic cuts must and will be made to California’s budget.

Sadly, there is reasonable concern that these difficult economic times will adversely impact students and their access to a quality education. Though the promise of the California Master Plan is seemingly in jeopardy, state legislators will continue to prioritize students by sustaining clear and direct paths to postsecondary opportunity as state officials fervently pursue solutions to today’s enormous economic challenges.

**Session II: Remembering the Public Good: Analyzing Student Aid through the Perspectives of Higher Education Policy and Professional Organizations**

*Michael Dannenberg, Senior Fellow  
New American Foundation*

Student aid discussions generally focus on aid availability as a percentage of students and in total dollars. However, Americans don’t tend to focus so much on the availability of student grants or loans, or even on access or quality issues; they focus on the cost of tuition. Over the last 20 years, the sticker price of tuition has skyrocketed by over 400%. Of course, prices tend to increase over time, as does family income. Yet, to put this in perspective, consider that the price of medical care, the cost of which is often scrutinized, has increased by a mere 250% over the same period of time, the median family income has increased by about 147%, and the cost of housing, food, and the consumer price index has increased by about 106%. Polls find that Americans dramatically overestimate the cost of college; their average estimate of $11,418 dollars for one year of tuition and fees at a public four-year college was more than twice as much as the actual cost of $5,055 dollars in Ohio, for example. But we cannot escape the political salience that they also rank tuition as the number one issue in higher education, more important that wealth disparity, low income student access, or quality.
Tuition at a public four-year college or university is approximately $6,000 per year and room and board tacks on about an additional $12,000. Accordingly, many students and their families still rely on financial aid to make college accessible. Unfortunately for those families that have financial need, a majority of public college institutional financial aid is distributed through a process known as tuition discounting and often goes to students with little to no demonstrated need. The reason is most institutional aid is revenue enhancing, used strategically to attract students with superior ability, whether academic, athletic, musical, or in terms of wherewithal to pay remaining costs out of pocket. By deploying tuition discounting in this way, institutions are able to play to the rankings and potentially benefit financially. States and lenders such as Sallie Mae also work to drive up tuition prices for their own gain at the expense of student access. States do so because it allows them to rely less on tax money to subsidize higher education and lenders, for obvious reason, do so because it means students often borrow more, allowing lenders to collect higher amounts over longer periods of time. Ultimately, this “unholy trinity” of manipulative schools, states, and student loan companies hurts educational opportunity for everyday Americans and their families.

This being the case, it is little surprise Americans overwhelming support the government taking a more active role in controlling tuition. According to a Chronicle/Gallup Poll in April 2008:

- 51% of respondents think the government should have a role in controlling tuition
- 60% of Northeast adults think the government should have a role in controlling tuition
- 65% of respondents with incomes below $35,000 think the government should have a role in controlling tuition

There is, in effect, tremendous support for dislodging the capacity of the unholy trinity to put fiscal gain ahead of social opportunity. One way of accomplishing this is to ban the practice of tuition discounting. The benefits of doing so are obvious:

- It would dramatically reduce sticker price
- It would be simple and seemingly fair for students (“One Flat Rate”)
- There would no longer be an invasion of financial privacy
- It would require no taxpayer cost
- It would ensure there is no price control
- It would end “revenue enhancing” price abuse

But banning tuition discounting is a simple answer that doesn’t necessarily improve access. The best way of maximizing student access and creating a more socially conscious postsecondary system is to limit the abuses by providers – schools, states, and loan companies. Stabilizing tuition costs is necessary to bring about a more progressive agenda committed to broader social goals including improved college access, affordability, quality, and diversity.
Larry Zaglaniczny, Vice President of Government Affairs
National Association of Student Financial Aid Administrators (NASFAA)

The last truly bi-partisan reauthorization of the Higher Education Act took place in 1998. Though the latest reauthorization in 2008 addresses the Pell Grant Program, lender arrangements, and renews efforts to simplify the financial aid application process, the latest reauthorization also contains partisan legislation that is arguably unsustainable. As such, the National Association of Student Financial Aid Administrators (NASFAA) has created a coalition and launched the National Conversation Initiative (NCI) committed to listening to financial aid administrators in an effort to inform future recommendations and ensure that the federal government is more responsive to students than to institutions. The NCI includes high-profile policymakers, practitioners, and scholars such as Scott Swail, Patrick Callahan, and Don Hossler. Thus far this coalition has discussed ways of:

1. re-focusing the aid discussions to center on access issues
2. reducing the number of peripheral programs to streamline the aid process
3. simplifying the FAFSA form so it is not a barrier to aid and access
4. overhauling the needs analysis system
5. reducing the burden on administrators to ensure their resources can meet the needs of students
6. re-directing federal dollars toward postsecondary education

Most notably, this coalition has gathered because of what financial aid administrators see as a short-sightedness of federal policymakers. Essentially, policymakers have thrown their weight behind an economic stimulus package approaching nearly $1 trillion dollars in cost. This freight train is gathering steam and has enough fuel to last for the next two years. However, beyond two years no one is quite sure how to avoid what appears to be an unavoidable train wreck when the train runs out of fuel and/or hits a an intersection with many alternate routes to ruin. The sustainability of Title IV programs is especially in doubt on our current credit-driven, confounded path.

In addition to re-focusing federal aid programs for the long-term benefit of students and the greater social good in the United States, NASFAA and the NCI recommend investing in a system that more openly embraces fair competition and transparency. Lenders need to be encouraged to compete not on price, confusing students and inhibiting access, but compete instead on service. All students should have access to the same loan terms. Competition based on service will make the loan industry more responsive and encourage students to invest in their future, an investment that will benefit us all.
Israel Rodriguez, Independent California Colleges and Universities Representative
California Student Aid Commission

It is easy to feel discouraged as we consistently hear of budget woes, job cuts, and recession. Most everyone is feeling the pinch in today’s challenging economic environment. Unfortunately, this also includes state governments and California, in particular, is in serious trouble on the financial front. With the state’s budget deficit in the tens of billions of dollars, the state has begun making cuts to the California Student Aid Commission, letting go of staff and seriously considering reductions in the number of grants available through the CalGrant program. This is taking place despite the fact that we need to educate students to help generate economic growth.

The best way of helping students access postsecondary education is to invest in outreach programs that help students recognize the availability of financial aid, to help students apply for financial aid, and to make sure grants and loans are actually available to the many so as to make good on the state’s promise to provide opportunity to those willing to work hard and better their lives. Financial aid is a partnership among many that requires a coordinated message and effective delivery system. If we tell students that college is important and accessible yet do not assist students with the aid process and reduce the number of available CalGrants, making it difficult for students to apply for and receive aid, students will be discouraged and the public good will suffer as a result. Institutions and state governments must work together to ensure that the value and accessibility of higher education is effectively communicated to and maintained for current and future students, especially during periods of economic constraint. The ultimate welfare of the state’s economy and well-being depends on such a productive partnership.

Joyce Smith, Chief Executive Officer
National Association for College Admission Counseling (NACAC)

Just as Israel Rodriguez points out the importance of a working partnership between institutions and state governments to develop and deliver a coordinated message and delivery system when it comes to student aid, there is a substantial need to carry forward with a united voice between admission and aid practitioners during these challenging economic times. The National Association for College Admission Counseling (NACAC) has a Statement of Principles built upon core values such as professionalism, collaboration, trust, fairness, and social responsibility that helps to guide the collective discussion and encourages enrollment professionals to practice with sound, ethical approaches.
That being said, it is now more important than ever that admission and aid practitioners go about the practices of recruiting, assessing, enrolling, and aiding students in a principled manner. For instance, enrollment professionals should heed the following recommendations:

- Maintain civility while pursuing quality students. Institutions should do everything they can to avoid getting caught up in an arms race whereby merit aid takes the place of need-based aid and is often distributed to students who do not need financial assistance, and institutions divert significant resources from academic units to peripheral programs and projects in an effort to attract students.
- In addition, if institutions must compete through rankings, they should do so in socially beneficial ways. One idea would be for institutions to more publicly share information regarding their overall aid packages. Institutions could be ranked based upon their financial aid packages, giving institutions who invest in efforts to educate first-generation, low-income students a competitive advantage over institutions more focused on using aid to buy quality and, in the process, contribute to social reproduction.
- The financial aid process must be more comprehensible for students and their families. Aid letters need to be straightforward in everyday language to ensure students recognize the availability of financial aid and accessibility of a college education; framing aid letters in complex language can serve as an unnecessary barrier.
- Financial aid information must be made more available. Practitioners must limit a tendency to simply post aid materials online in what can seem like an infinite abyss to some students. They should instead make materials easily accessible and direct students to the materials specifically required based upon their individual needs.
- Relationships with community colleges must be strengthened to ensure credit transfer and fewer aid disruptions and challenges for transfer students.
- Enrollment professionals must engage with professional associations to help coordinate information and make cohesive recommendations to policymakers.
- Communication and transparency between enrollment professionals, faculty, administrators, students, boards, and the public about budget cuts and resource availability must be heightened to boost support for aid policies that enhance postsecondary opportunities.

While each of these recommendations is important, they will not simply happen on their own. An absence of leadership is often to blame for an ongoing commitment to preserving the status quo. From a national and regional perspective, NACAC intends to guide the efforts of enrollment professionals as they seek to meet the educational needs of students and contribute to a more just and productive society. At the institutional level, local leaders must also emerge with the resolve to build a more synchronized admission and aid system and with the courage to embrace new ideas in pursuit of audacious and admirable goals that open doors of opportunity for every member of society.
Session III: Funding Opportunity in Today’s Challenging Economic Environment: A Practitioner’s Viewpoint

Joe Russo, Director of Student Financial Aid
University of Notre Dame

There is reason to be concerned; the current economic environment is extremely troubling. Everyday we hear of the excruciating pain being suffered on Wall Street and the even deeper economic suffering on Main Street. We hear of unemployment, massive layoffs, and unfathomable asset losses. We hear talk of the need for bailouts and rescue packages for employers.

On the campuses of our colleges and universities we hear related concerns. There is widespread talk of cost related enrollment shifts, of mid-year tuition increases and budget reductions, of hiring and construction freezes, and of plummeting endowment values. We also hear of greater calls for transparency from government officials, students, and their families who want to know why tuition costs continue to soar, how students are supposed to pay for college, and want institutions to demonstrate that they are, in fact, worth the investment.

Despite all of the pressure to respond to this economic situation, aid practitioners are encouraged to practice considerable restraint. They should refrain from making public announcements or commitments, put such announcements from others in perspective when made, avoid knee-jerk reactions of their own, and recognize there are different solutions for different settings. For instance, institutions such as Harvard or Princeton with substantial endowments may be able to promise very generous admissions and financial aid policies but that does not mean every institution can and should make a similar commitment despite the positive public response such an announcement may garner.

This is not to say that aid practitioners should not explore the development of new policies. On the contrary, they should attempt to address new fiscal challenges by asking the extent to which a new policy is sustainable and fiscally responsible. They should seek to implement policies that effectively manage future expectations, address the needs of both incoming and returning students, and insulate and/or enhance the reputation of their institution. In the short-term, practitioners are encouraged to embrace policies committed to time and compassion. Some students may be struggling to meet their financial obligations due to a parent who has recently been laid off. Rather than punish the student with late fees or encourage the student to take a semester off if they cannot make their tuition payment, aid practitioners must assess each student’s situation to determine if perhaps there are ways of working with the student to persist and succeed. Practitioners may also find that communicating policies of affordability and compassion can be beneficial, as can offering low-cost/no-interest institutional bridge loans to assist students during difficult economic circumstances, and/or investing in retention efforts that encourage students to focus their studies and graduate on-time.
Long-term public policy solutions may center on helping families to make their lifestyles more conducive to planning and saving. Practitioners can encourage the investment in and support of 529 programs that allow students and their families to save for college. One such way is to persuade corporations to match 529 investments, much like they commonly do for 401(k) retirement funds. Practitioners may also find it beneficial to review their payment policies, institutional loans, and financial aid application procedures to better tailor aid efforts to the needs of students once they are ready to begin the college application and enrollment process.

Another significant area of focus concerns the role of the media. Students and their families often find themselves bombarded with news reports stating that institutions are struggling to preserve financial aid and that college is extremely expensive and unaffordable for many. They hear sad stories of individuals who cannot pursue their dreams of attending college, of loan defaults, budget freezes, and a lack of capacity. No doubt, these are serious issues that do exist and are being addressed by higher education professionals. However, one must question whether the media is taking enough steps to report the success stories that are much more representative and to report how important it is to have an educated citizenry for both individuals and society.

There is a need to revisit on-time graduation efforts as a long-term solution as well. Students who need remediation require far more resources than students who are college ready, thereby leading colleges and universities to increase their costs for all students. As such, higher education officials must work to coordinate a more effective college preparation program with K-12 educators to help enhance college preparation for students of all backgrounds. Students who fail to graduate on-time also limit capacity for incoming students and face higher tuition costs over time which often results in additional indebtedness and future financial issues.

In summary, times are tough but aid professionals can work to implement both short-term and long-term solutions to better structure their aid efforts and benefit students and institutions. Most importantly, aid practitioners must remember to develop strategies consistent with their institutional mission, keep perspective, and seek opportunities to improve efficiencies where available. If nothing else, remember that time often heals much. We will endure this economic crisis. Hopefully we will also make life better for students in the interim.
Tally Hart, Director of Student Financial Aid
The Ohio State University

Safire and Safir once said, “Behave like a duck.” By this they meant to look calm and collect on the surface but to paddle like hell under the water. Americans are currently facing a number of substantial economic challenges. Though it is important for aid practitioners to project an outwardly calm demeanor, they should recognize that today’s challenges pose tremendous opportunities and get to work making the most of the situation.

For instance, there has not been a more appropriate time in recent memory to reach out and teach financial literacy to students and their families. Students and their families need to understand how best to behave in responsible ways that allow them to plan ahead and save for the future. Aid practitioners can invest in efforts to help students and their families assess their finances and structure their finances in a manner more conducive to supporting current and future postsecondary endeavors.

It is also time to recognize that access to higher education does not necessarily equate with success in higher education. Although uncertainty with regard to one’s preparation and capacity to afford a college education has always been problematic as far as access is concerned, uncertainty is quickly becoming a significant barrier to success as well. Once students are in the door, academic and financial issues do not magically disappear, especially within the context of a faltering economy. Aid practitioners must commit themselves to retaining every student currently enrolled and redoubling attention to lower- and middle-income students. This means recognizing the needs of students, including those tied to their unique cultural identities. Although it may be tempting to assume all students should be fine with taking out loans, some students may not be as accustomed to or acceptable of borrowing money or making late payments as a result of changing personal financial circumstances. Rather than ask these students and their families to adapt, aid practitioners should meet students where they are by being sensitive to their cultural identities and by understanding their constraints. The “Students First” program at Ohio State is one such program that is committed to building and maintaining ongoing relationships with students in an effort to adapt to their financial needs over the course of their undergraduate careers. Town meetings are held so students can provide feedback, web support is available to assist students at a moment’s notice, and aid packages for the following fall semester are renewed and/or redefined prior to when students depart at the end of each spring semester. Success over the course of a student’s undergraduate career depends upon attentiveness to each student’s unique circumstances. This is especially true for low-income students, whose needs may differ depending upon whether they come from urban or rural areas, as well as whether they are minorities and/or first-generation; characteristics that each present unique challenges and opportunities and should most certainly not be lumped together. Essentially, aid practitioners should review their aid policies and programs through a flexible, personalized prism.
Further, aid practitioners should ensure they are effectively making use of their aid resources. Not all scholarships or institutional grants or loans tend to be utilized each year. Every effort should be made to redirect underutilized funds to students who really need them, thereby positively influencing the capacity of students to stay in school and succeed.

Despite the existence of many opportunities in today’s period of economic uncertainty, there are troubling trends of which aid practitioners should be cognizant. For example, research tells us that many students are receiving financial aid but not always applying it to their educational pursuits. Instead, lower-income students sometimes send the aid money back home to assist their families, often adversely impacting their capacity to remain enrolled. In addition, high ability students are moving to lower cost institutions because costs are perceived to be lower. Unfortunately, this sometimes results in a weakened commitment to the institution and lower expectations and aspirations that can diminish academic performance and lead to attrition. Lastly, a Sallie Mae/Gallup study has found that middle income families are using home equity to pay for college, a troubling reality with potentially serious effects for students and their access and/or continued enrollment considering the recent dramatic collapse of the housing market.

Regardless of these gathering storm clouds, aid practitioners have the capacity to adapt their practice in ways that will truly benefit students and their families in the long-term. We must never doubt the importance of what we as aid professionals do, but realize that how we respond in this age of uncertainty really, really matters.

Dean Kulju, Director of Financial Services
The California State University System

The California State University System is the largest university system in the United States, comprised of 23 campuses and enrolling well over 400,000 students throughout the state of California. The average tuition (“sticker price”) per year for CSU in-state undergraduates is approximately $3,500 dollars and the vast majority of our students receive some form of financial aid, with over 30,000 Pell Grant recipients among our Bachelor’s degree recipients in 2006-07 (43% of the total).
Further, CSU is looking inward to ways of improving its aid efforts. Faculty and advisor workshops are now commonplace, allowing aid practitioners to educate faculty members regarding the university’s aid policies. Many students approach faculty members and advisors with aid questions. Rather than risk the dissemination of incorrect information or leave students to search for answers, the university is taking steps to work with faculty and advisors so they may assist students with both their academic and financial needs. After examining its award practices, aid professionals also decided to circulate aid award letters earlier to help students with planning and decision-making.

Finally, with the accountability movement taking center stage, CSU is working to develop straightforward materials that address how CSU, as a public entity, is contributing to the public good. One such flyer outlines the number and types of degrees granted by racial and ethnic background and major of study, highlights the prevalence of Pell Grant Recipients, showcases the affordability of a postsecondary education at CSU based on actual “net” paid by CSU full-time undergraduates and average loan debt of graduates, and emphasizes that the average starting median salary of CSU graduates is above the starting median salary of graduates from the top 175 public universities. The university hopes such information will help solidify funding support from state governments and encourage current and future students to invest in higher education, benefitting themselves and ultimately the state economy in the process.

Georgette DeVeres, Associate Vice President of Admissions and Financial Aid
Claremont McKenna College

“Out of crisis comes opportunities” – Barack Obama

As most of us are painfully aware, the nation’s economy is in peril, there are leaks in the student educational pipeline, and insufficient dollars available to fund higher education. Institutions are further effected by conflicting enrollment priorities, disruptions in institutional cash flow and student aid budgets as many states face substantial budget deficits, unstable family finances, and dramatic fluctuations in student enrollment as students determine the feasibility of college attendance by semester rather than by school year. Essentially, the rapidly deteriorating economy has led to a state of flux from a resource standpoint with student enrollment, federal and state resources, institutional resources such as private gifts and endowment earnings, and financial need thoroughly unpredictable.
Why does this matter? How an institution responds to increasing demand for resources to assure educational opportunity will affect the success of disadvantaged students and, by extension, the overall well-being of the country. This economic crisis encourages enrollment professionals to step back and examine how their strategic plans and enrollment objectives should adapt to the changing environment and still fulfill the institution’s stated mission. In essence, this crisis presents a wonderful opportunity for enrollment professionals and aid practitioners to come together and collectively look at the current financial aid system, including its funding concerns and recruitment challenges, and initiate institution-wide planning that addresses how the institution will respond to its changing financial and demographic environment and more effectively serve students for the benefit of the institution and society. Who will the institution serve and how? Will the institution merely survive or thrive? This is a time for reflection, planning, and action.

That being said, this is also a time to rethink federal student aid policy. Congressional stimulus proposals recommend increases to the maximum Pell Grant award, increases to student loan limits, and extended student loan grace periods. This short-term assistance is beneficial but we must also look for long-term solutions. We must stabilize aid to enhance enrollment in the short-term and advocate for students in the long-term, seeking to expand the educational opportunities available to those young people and adults face financial barriers to college enrollment and success. “Rethinking Student Aid,” a study group commissioned by the College Board, recently agreed upon a set of seven principles to help guide federal aid policy. These principles state that:

1. Federal student aid should focus on those who need financial help to achieve their academic goals.
2. Financial aid should be sufficient to support students through to completion of their bachelor’s degree.
3. Federal aid should be provided as clearly, transparently, and simply as possible. Communication with students and families about college opportunity should begin early, and should be encouraging, sustained, and accurate.
4. Federal student aid should be predictable so that individuals and families in given economic circumstances can anticipate confidently the resources that will be available to meet their needs.
5. Federal student aid should be focused first on helping students. The concerns of colleges, banks, or government agencies about policy changes should be secondary.
6. We should make sure that aid addresses success, not just access. The point is not to get to the starting line, but to cross the finish line (which may be different for different students, depending on their goals).
7. Finally, money is scarce, and we shouldn’t waste it.
To successfully establish a federal aid policy that upholds these principles, the study group has made the following recommendations:

- Simplify the federal student aid system and communicate with families annually about how to pursue educational opportunity through Pell Grants, tax credits, federal loans, etc.
- Improve the federal loan process
- Develop a federal savings program for low-income families that creates federal accounts for children in low-income families that earn tax-free interest and are exclusively reserved for postsecondary education
- Reward states and institutions that support student success by providing campus-based funds for student employment and retention programs aimed at encouraging persistence and completion, especially for low- and moderate-income families.

Most importantly, the aid community and federal and state representatives must work to be proactive when it comes to reworking aid policy to be more effective in today’s changing environment. We must commit to strengthening early awareness practices that enhance academic preparation and financing opportunities, encourage families from low-income and middle-income backgrounds to save for college, influence public policy, and serve as student advocates. Opportunities for change and progress exist. Now is the time to seize them.
Closing Thoughts

Scott Andrew Schulz, Program Director
Center for Enrollment Research, Policy, and Practice
University of Southern California

As I anticipate the birth of my first child in the coming days, I find myself in the midst of an extremely emotional time. As of late, I often reflect on my own life and look forward to what is possible. I welcome the chance to instill values of compassion, responsibility, and reverence in my daughter, believing in her potential to make the world a better place. I also feel compelled to ensure my daughter has every opportunity imaginable to succeed in life. This means realizing that one day my daughter, whom my wife and I have named Chloe, will want to chart her own path and may very likely want to attend college. Not surprisingly, this leads me to ask where colleges and universities will be 18 years from now. Where are we headed? In 2027 will we as higher education professionals have reason to be proud of how far we have come? For instance, to what extent will colleges and universities be more accessible to students of all income levels and racial and ethnic backgrounds who wish to pursue dreams they often may not even know they have? To what extent will colleges and universities be better positioned to assess commitment and a passion for learning that will invigorate the classroom? To what extent will institutions and federal and state policymakers ensure that a college education is financially within reach for the many rather than the few, especially during periods of economic turmoil, prioritizing affordability and guaranteeing unencumbered access to financial support when needed so that students can grow as individuals and develop as citizens?

This symposium was particularly designed to address this last question, to provide a much needed forum for dynamic conversations that would help all of us as enrollment and aid professionals and educational policymakers enhance our capacity to provide students with financial aid within the context of challenging economic environments. Looking back to last night and today, I am confident we have made progress toward this end. We have heard many perspectives and shared many worthy ideas.

Of course, in these challenging economic times, not everyone who wished to participate in this symposium could attend. Many of our colleagues are facing travel restrictions and budget cuts that would not allow them to travel here. The center is very much aware of this and, as such, is taking steps to maximize the availability of information presented at this symposium. In the coming days you will have the opportunity to listen to and download audio, to access PowerPoint presentations, and to review content from a proceedings summary, all of which will be available on the center’s website at http://www.usc.edu/cerpp. I encourage you to visit the center’s website to access symposium information and to also utilize additional resources from the center. For instance, the center’s Podcast Series is available online – thus far this year I have spoken with Bruce Walker of the University of Texas, Harry Pachon of the Tomás Rivera Policy Institute, and Kati Haycock of The Education Trust. This month’s podcast is with Lloyd Thacker of the Education Conservancy regarding his efforts to build a new and more socially conscious admission system. Next month I will be speaking with Professor Bill Tierney of the University of Southern California about his research into access and affordability issues. Visitors to the website can listen to these podcasts on the site and can also download them through iTunes U – more information is available on the center’s website.
The center is also engaged in a number of research projects that aim to expand our collective understanding of enrollment issues. These include the College Capital Index that aims to assess the extent to which high school seniors in the United States perceive they have the economic, cultural, social, and human capital necessary to value, pursue, and complete a four-year college degree. Jerry Lucido and I are also examining chief enrollment officers and chief admission officers to explore which types of institutions have chief enrollment and/or chief admission officers coordinating enrollment efforts, analyze these enrollment professionals, and examine the effectiveness of various administrative structures. We are also working on a study with Don Hossler of Indiana University to gauge how institutions are structuring their persistence efforts. Information on these research projects, as well as the center’s 2009 research grant program that seeks to fund new and exciting research, are available on the center’s website.

Lastly, as you may know, the center held its inaugural conference last August and this was our first topical symposium, meant to bring together scholars, practitioners, and policymakers to closely analyze a particular issue; this being focused on financial aid and the economic downturn. The center is currently outlining plans for its next symposium to occur in late April or early May and is exploring a number of possible topics, some of which include standardized testing as well as the organization and use of data to better inform enrollment decisions. The next symposium may even take place in another region, so I certainly encourage you to be on the look out for more information in the coming weeks. We will also begin planning for the center’s annual conference. In effect, the center is active and continuously evolving and I certainly welcome your guidance and ongoing involvement to maximize the value of the center’s events and activities.

In closing, as citizens of this country, we face a tremendous number of challenges and, potentially, an even greater number of responsibilities, not the least of which are making certain every American has the opportunity to better themselves and those around them through the transformative power of education. Let us work to develop aid policies that serve our common interests and are better able to handle current and future economic challenges. In this respect, I hope your involvement in this symposium will benefit your work and, more importantly, the students you directly and indirectly serve.