

# Sustaining opportunity: An overview of salient funding and aid issues facing higher education

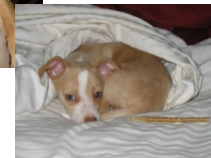
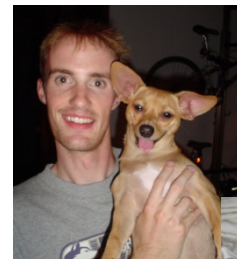
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Scott Andrew Schulz, Ph.D.  
Center for Enrollment Research,  
Policy, and Practice  
University of Southern California  
April 29, 2009



# Who is Scott Andrew Schulz?

- Originally from The Last Frontier
- Former lead singer of Kincaid ([www.soundclick.com/kincaidak](http://www.soundclick.com/kincaidak))
- Chihuahua owner (x2)
- Father of a new daughter
- Graduate of the doctoral program at the University of Arizona
  - Dissertation focused on applying existing organizational theories to new theoretical contexts
- Program Director – Center for Enrollment Research, Policy, and Practice at the University of Southern California



# USC Center for Enrollment Research, Policy, and Practice

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- Founded in 2007 at the University of Southern California
- **Center Goals**
  - Provide forums such as organized events, on-line communities, and written publications that allow scholars, practitioners, and policymakers to share their perspectives and further generate ideas that enhance our understanding of enrollment issues
  - Conduct and sponsor research that is intellectually worthy, useful for practitioners, and has a direct and lasting impact on students, institutions, and society
  - Enhance the level of professionalism within the enrollment management field by opening new educational avenues for practitioners to develop and hone their professional skills
  - Serve as the nation's central hub for information relating to enrollment issues to advance a collective agenda focused on improving access to higher education and maximizing student success
- **Center Events and Activities**

■ Monthly Podcast Series	Original Research Projects
■ Annual Conference	Research Grant Program
■ College Capital Index	Enrollment Research Citation Clearinghouse
- **Jerry Lucido**, Executive Director, [jlucido@usc.edu](mailto:jlucido@usc.edu)
- **Scott Andrew Schulz**, Program Director, [sschulz@usc.edu](mailto:sschulz@usc.edu)

# CENTER FOR ENROLLMENT RESEARCH, POLICY, AND PRACTICE

Overview Goals Staff Board Members Contact

April 29, 2009

Harvard, Cuomo, and the Press: Student Aid in Question  
 Institutional Responses: A National, Philosophical, and  
 Practical Consideration  
 Practitioner Admission in a Changing World: Understanding How the  
 Voice and Needs of Enrollment Varies by Institutional Type  
 and Circumstances

**Publications**

[Click here to learn more](#)

- Podcast Series
- Enroll. Citation Clearinghouse
- Research
  - CERPP Sponsored
  - CERPP Other
- Presentations
- Publications
- Conferences and Symposia

## ENROLLMENT NEWS

Teachers Voice Concern over the Growth of Advanced Placement Courses

Admissions Offices Using Facebook?

Differing Views on How to Address College Costs

Concern in Texas that Financial Aid Proposals Fall Short

"Aid in an Age of Uncertainty" Symposium Proceedings **NOW AVAILABLE!**

Commissioned Papers from the Center's Inaugural Conference **NOW AVAILABLE!**

## CENTER CALENDAR

**The 2009 Research Grant Recipients have been announced!!!**

**May 1, 2009**  
Deadline to submit a proposal for the 2009 ASHE conference in November

**June 12, 2009**  
Center presents "Evaluating the Perceived Capacity of High School Seniors to Value, Pursue and Complete a Four-Year Degree: The College Capital Index" at the WACAC Conference in Orange, CA

**July 15-17, 2009**  
Center presents at the ACT Enrollment Planners Conference in Chicago, IL

## PROFILE OF THE WEEK



**Name:** Susan Ikerd

**Position:** Associate Dean and Director of Financial Aid

**Institution:** University of Southern California

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## WEEKLY POLL QUESTION

**Would national high school academic standards improve college access?**

- Absolutely
- Possibly
- Probably not
- Absolutely not

[View Results](#)

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USC's support for the Center for Enrollment Research, Policy, and Practice

Messages from Scholars and Practitioners

CERPP's Partners



Add me to the list serve



# Some Current Financial Issues in Enrollment Management

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- ❑ Net tuition revenue
- ❑ Declining state funding of public institutions
- ❑ Cost containment
- ❑ Financial aid leveraging
- ❑ Mix of merit and need-based financial aid
- ❑ Student indebtedness

# The Four Tenets of U.S. Government Policy in Higher Education

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- ❑ Voluntary Access
- ❑ Institutions with Different Costs and Quality
- ❑ Higher Education Sold at a Price Below Cost
- ❑ Different Individuals Pay Different Costs to Access Higher Education

# A Brief History of Government Aid Policy

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- 1944: Serviceman's Readjustment Act (GI Bill)
- 1958: National Defense Education Act
- 1965: U.S. Higher Education Act

# A Brief History of Government Aid Policy

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- Guiding Philosophy
  - Geographic access
  - Low/Free tuition
  - Need-based financial aid



# A Brief History of Government Aid Policy

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- Problems with the Model
  - Access does not always equal success
  - State budget constraints
    - Low tuition
    - Entitlements
    - Low elasticity of taxes (reliance on taxing goods rather than services)
  - Shift in political attitudes – student benefits increasingly seen as primary
  - HED susceptible to economic downturns
    - Tuition increases become common

# Attaching Aid to Students vs. Institutions

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- 1972: Reauthorization of the HED Act
- Argument FOR Attaching Aid to Students
  - Competition
  - Student Choice
- Argument AGAINST Attaching Aid to Students
  - Reduces institution's ability to act strategically
  - Adverse effects of competition
  - Imperfect consumer information
  - Sticker shock/Knowledge of aid
  - Efficiency - Bennett Hypothesis
  - Student pool may not improve if other states and institutions institute merit-aid systems
    - HOPE Scholarship
    - Arms Race

# A Brief History of Government Aid Policy

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- ❑ 1978: Middle Income Student Assistance Act (MISAA)
- ❑ 1980: Reauthorization of HED Act
  - PLUS Loans
    - ❑ Contributed toward explosive rise in indebtedness
- ❑ 1992: Reauthorization of HED Act
  - Federal Family Education Loan Program (FFELP)
- ❑ 1997: Reauthorization of HED Act
  - Tax credits
    - ❑ Families must have a substantial tax liability to qualify/benefit from them (inequitable)
    - ❑ Often go to students who can already afford to attend and/or plan to attend regardless of the credit (inefficient)

# A Brief History of Government Aid Policy

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- 1990s Privatization Movement
  - Strategic maximization aid allocation strategy takes hold in response to:
    - Reduction/stagnation in revenue sources
    - Rankings pressures
    - Increased competition for students
    - Breakdown in norms that supported commitment to need-based aid
    - Technology improvements that allowed better market analysis

# A Brief History of Government Aid Policy

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- ❑ Economic downturn of the 2000s
  - Troubling student trends
    - ❑ Students depending on home equity to pay for college
    - ❑ Lower-income students sending aid back home to assist their families
    - ❑ High ability students moving to lower cost institutions to save money
  - Institutions refocusing on their “publicness”
    - ❑ Reassessing the concept of need at wealthier elites
    - ❑ Public flagships developing innovative programs
      - Carolina Covenant
      - Texas Longhorn Scholars
    - ❑ Motivations?
      - Financial – recruitment/marketing is expensive
      - Government accountability movement
        - No Child Left Behind – a focus on outcomes and what the public gets for subsidizing higher education
        - Discussions about legislation limiting annual tuition increases
        - Cuomo investigations into the loan industry

# Today's Trends and the Federal Government's Response

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- ❑ Budget constraints
- ❑ Slumping endowments
- ❑ Credit restrictions for institutions and students
  
- ❑ Federal Government response
  - The College Affordability Act of 2007
  - The College Cost Reduction and Access Act of 2007
  - The Ensuring Continued Access to Student Loans Act of 2008
  - The Higher Education Opportunity Act of 2008
  - A New G.I. Bill
  - The American Opportunity Tax Credit (on hold)
  - The American Recovery and Reinvestment Act of 2009 (stimulus bill)

# Today's Trends and the Response of State Governments

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## □ California

- Over 65% of aid for students comes from federal sources
- The State of CA offers approximately \$1 billion dollars in student aid through CalGrants
- Budget shortfall in the tens of billions of dollars
  - Constant talk of cuts to CalGrant program
  - UC/CSU budget cuts
  - Hiring freezes
  - Enrollment caps – previously unheard of at CSU
  - Stalled capital improvement projects

# Ongoing Professional Efforts to Improve Student Aid

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- ❑ Simplifying the FAFSA form
- ❑ Overhauling the needs analysis system – enhancing financial literacy
- ❑ Standardizing loan terms
- ❑ Mainstreaming direct loans
- ❑ Strengthening Bacc/CC relationships to ensure financial support is uninterrupted
- ❑ Addressing new repayment/loan forgiveness ideas
- ❑ Making need-based aid the primary institutional investment



# Ongoing Professional Efforts to Improve Student Aid

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- ❑ 529 corporate matching to encourage a culture of saving for college
- ❑ Disseminating information
  - Regular communication with families – early on and throughout college
  - Educate faculty and advisors
- ❑ Highlighting affordability and transformational power in materials
- ❑ Reward states and institutions that demonstrate student success for low- and middle-income populations
- ❑ Stop the practice of “stacking” aid awards for new students
- ❑ Flexible, personalized institutional aid programs
  - Culturally sensitive
  - Low-cost/no-cost institutional bridge loans

# Ongoing Efforts to Address Funding Issues

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- ❑ State budget cuts to institutions widespread
- ❑ Efforts to legislate tuition caps
- ❑ States moving to remove out-of-state waivers
- ❑ Federal/State investments in vocational education
- ❑ Institutions encouraged to move to the market

# Questions or Comments???

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