



# Moving the Needle:

## How Financial Aid Policies Can Help States Meet Student Completion Goals

Andy Carlson  
Katie Zaback



**SHEEO**

STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION



**Disclaimer:**

This paper is one in a series of reports funded by Lumina Foundation. The series is designed to generate innovative ideas for improving the ways in which postsecondary education is paid for in this country — by students, states, institutions and the federal government — in order to make higher education more affordable and more equitable. The views expressed in this paper — and all papers in this series — are those of its author(s) and do not necessarily reflect the views of Lumina Foundation.

# EXECUTIVE SUMMARY

The State Higher Education Executive Officers (SHEEO) association supports the Lumina Foundation's push to reach a 60% college attainment rate in the United States by moving from an access agenda to a focus on *both access and success*. As the membership organization for the state-level governing and coordinating boards of higher education, SHEEO is focused on state-level policy and the role(s) the states can play to reach the goals of the completion agenda. As such, SHEEO is uniquely positioned to understand and consider the varying state contexts that our members operate within and use this knowledge to evaluate state policy recommendations related to college affordability. This white paper, written with support from the Lumina Foundation as part of their series exploring new models of student financial support, examines state policies to improve affordability, encourage full-time enrollment, and incent timely completion of postsecondary credentials and degrees.

Existing grant aid programs do not provide sufficient support to allow students with documented need to cover tuition costs *and* living expenses, nor do they focus on or encourage full-time enrollment and timely completion. Therefore, many students must work at least part time and are unable to devote themselves to full-time study and those who enroll full time based on the federal standard of 12 credit hours per term still have difficulty completing on time. Research has also shown that costs also have a significant negative impact on timely college completion, particularly for low-income students. Focusing on the varying contexts of individual states, we examine existing policy recommendations that are gaining traction in the national and state-level affordability discussions:

1. **Federal/state matching grant program with incorporated maintenance of effort**
2. **State grant aid programs with incentives for students to enroll full-time**

## 1. **Federal/state matching grant program with incorporated maintenance of effort (MOE)**

In 2004, a Lumina-supported research report by the Indiana Education Policy Center at Indiana University found that need-based grants have a substantial influence on enrollment rates and recommended a federal/state partnership that would help more low-income students enroll. Since then, both the Center for American Progress and the American Association of State Colleges and Universities have proposed new federal/state matching partnerships designed to provide funding directly to states for higher education with the goal of increasing state investment in higher education and reducing costs to students. Here we propose a federal/state matching framework designed to reduce net price for lower-income students and encourage states to focus on policies that ensure greater completion.

Our proposal is forward looking and builds on existing financial aid allocations from all sources in each state. It is designed to encourage states to target additional funding to need-based financial aid programs and to reduce net price for students in the lower-income ranges. The cost of college (net price) is a major impediment to low-income students' successful access and completion; therefore, this proposal focuses primarily on reducing net price for students falling within the lower income quintiles (those students within 200% of the poverty threshold). However, tuition cost is not the

For states with the lowest net prices, putting more state dollars into their financial aid system may not be the most effective strategy to address their completion challenges.

only thing that impacts student success. In fact, many states with low tuition levels continue to struggle with access and completion. For states with the lowest net prices, putting more state dollars into their financial aid system may not be the most effective strategy to address their completion challenges. In our model, once a state has reached “affordability” targets, it would no longer have to match the federal grant. Instead, the state would be eligible for a federal block grant to be dedicated towards additional interventions to ensure more low-income, traditionally underserved students are able to attend and succeed in higher education.

- The federal government should match all state governments to provide up to an additional \$4,000 (\$2,000 federal/\$2,000 state) in student aid for all full-time students whose family income is less than a given threshold (the model uses \$48,000 to align with IPEDS).
- Once net price for these students within a sector reaches an affordability threshold (the model uses the threshold for annual Income Based Repayment Calculation), that sector within the state should be eligible for the same level of funding in a block grant without a required match.
- States receiving block grants must demonstrate progress meeting completion goals and outcomes.

***Estimated annual cost of the program would range from between \$5.3 and \$5.4 billion to reduce net price by \$4,000 for students in the \$0-\$48,000 income range to between \$2.6 and \$2.7 billion to reduce net price by \$2,000 for students in this range.***

## 2. State grant aid programs with incentives for students to enroll full time

As part of the shift to a completion agenda, a number of states and advocacy organizations are implementing and discussing policies that encourage students to enroll in sufficient credit hours each year in order to graduate on time. The link between enrollment intensity and college completion was clearly established more than ten years ago (Adelman, 1999), but it has taken the new completion push for many states and institutions to make an effort to change student behavior. Some states are specifically examining how they can link state aid programs to policies designed to increase student enrollment and attainment levels.

To get a picture of the many dynamics that impact a state’s success in implementing these programs and changing student behavior, we examined four programs where these incentives are already in place. First, we chose two, long-standing but distinct programs in Minnesota and West Virginia. Minnesota’s need-based grant program and West Virginia’s merit-based scholarships have been held up specifically by policy groups (Strategy Labs, 2013) as examples of state grant programs that incent this level of enrollment. Next we chose Indiana, a state that recently restructured its need-based grant programs to provide additional grant aid when students have successfully completed 30 credit hours in the prior year. Finally, we looked at Hawai‘i whose “15 to Finish” campaign has been highly successful in encouraging students to enroll in 15 credit hours per term although it is not currently linked to a state aid program. Lessons from these states provide insight for other states as they consider and implement similar policies.



- ***Align program to meet state goals within unique state context.***
- ***Be pragmatic and willing to compromise during development and implementation.***
- ***Understand the importance of buy-in and ensure institutional leadership and staff, state legislatures, governors, and other important players support the goals of the program.***
- ***Keep it simple and transparent.***
- ***Make sure complementary policies are aligned where possible.***
- ***Use data to monitor the newly implemented reform and be willing to make informed changes to improve program.***
- ***States can act even if the federal government does not change its programs.***
- ***Governance itself does not affect the program's success.***

These policy recommendations address specific issues related to college affordability. Although we believe that taken together they would complement each other and provide a holistic solution to address some significant issues related to affordability for students, we also believe that each, individually, can help inform state policy discussions. This work tries to examine each idea independently at the state level. Although our focus is on financial aid and enrollment intensity, we recognize that these approaches are not the only solutions to improving college success for low-income students and that they ought to be implemented in alignment with deliberate, state and institutional strategies that address academic requirements, course scheduling, tutoring, advising, structured assistance to students and other methods shown to help students succeed.



# MOVING THE NEEDLE:

## How Financial Aid Policies Can Help States Meet Student Completion Goals



When President Obama called for *all* Americans to complete high school and obtain some postsecondary training — a certificate, a two-year or four-year degree, or more — he articulated the new requirement for American competitiveness in the global economy. The Lumina Foundation has also set an ambitious goal to increase the proportion of Americans with a quality postsecondary credential or degree to 60%. These actions signal a shift in higher education policy from a focus on access to a focus on both access and successful completion, a focus now adopted by a majority of states. Lumina’s strategic plan for 2013-16 identifies strategies for achieving 60% attainment rates by 2025. In August 2013, the President highlighted the critical importance of higher education affordability to reach the nation’s attainment goal and laid out ideas for an accountability system where federal aid dollars might be tied to criteria such as student debt and default rates, completion rates, and salaries of graduates.

The access focus of the last 40 years has worked well and the number of students who pursue higher education from all economic backgrounds has increased dramatically (Bailey and Dynarski, 2011). Financial mechanisms such as the Pell program expanded access to students from low-income families while the State Student Incentive Grant (SSIG) program helped encourage all 50 states to create some sort of grant aid program (U.S. Government Accountability Office, 1983). In addition, a strong policy focus and programs such as Gear-Up helped make college possible for previously underserved populations. SHEEO’s State Higher Education Finance (SHEF) data show the success of the access model as national full-time equivalent (FTE) enrollment grew 68.5% from 6,852,242 FTE in 1980 to 11,548,973 FTE in 2012. The states, nation, and policy organizations are now intent on moving from access to success, a focus that presents both challenges and opportunities.

As attention has shifted to *both access and completion*, decreases in state support, continued tuition increases and rising student debt have highlighted the importance of postsecondary affordability. We have seen reforms to the federal student loan program — perhaps the most important reform was making available an income-based repayment option. Since 2008, the federal investment in Pell Grants has almost doubled, the result of changes in the economy, changes in postsecondary delivery and changes in policy that made Pell more widely available, easier to access, and more generous (Congressional Budget Office, 2013). Meanwhile, the government, advocacy groups, and private foundations are pushing for new approaches to financing postsecondary education. In early 2013, the Bill & Melinda Gates Foundation’s Reimagining Aid Design and Delivery (RADD) delivered a series of white papers on possible reforms to financial aid grant and loan programs. Recommendations focused primarily on federal program reforms. Where reforms to state grant programs were discussed, the analysis was national in scale and did not consider the different environments in which states operate.

This white paper, written with support from the Lumina Foundation and part of their series exploring new models of student financial support, will consider state policies to improve affordability. Lumina asked grantees to focus on a number of key areas aligned with their Goal 2025 vision as they relate to student aid and affordability. This paper focuses on exploring how states with unique systems and structures can independently and in partnership with the federal government use financial supports to minimize stratification, improve completion and ensure quality outcomes.

States can act even if the federal government does not change its programs.

Existing grant aid programs do not provide sufficient support for tuition and living expenses, nor do most encourage timely completion.

SHEEO's member agencies, state-level governing and coordinating boards of higher education, are the organizations often responsible to secure and distribute state higher education funding and implement the completion agenda. As such, SHEEO is uniquely positioned to understand and consider the varying state contexts our members face in implementing recommendations related to college affordability and college outcomes.

This paper begins with the premise that existing grant aid programs do not provide sufficient support to allow students with documented need to cover tuition costs **and** living expenses, nor do most encourage full-time enrollment and timely completion. Therefore, many students must work at least part time and are unable to devote themselves to full-time study and those who enroll full time based on the federal standard of twelve hours still have difficulty completing on time.

We then describe the framework for our state-level analysis which examines the contexts and environments of four specific states. These states vary widely in governance, geography, demographics, costs and price, reliance on tuition revenue, existing aid programs, and completion rates.

Finally, we analyze and present our findings in the context of two specific policy recommendations:

- A federal/state matching grant program directed at the students who need it most, to supplement, not supplant, the Pell program and existing state need-based aid programs; to reward states that reach affordability levels for lower-income students; and to ensure that states do not simply reallocate existing dollars.
- State, need-based grant aid programs with incentives to enroll full time at higher credit-hour levels and complete sooner (e.g., Minnesota's program and the program Indiana is implementing).

Our analysis shows a wide range of costs and possible outcomes that may arise from these programs given the different state contexts.

## Problem and theory of action

### Issue 1: Misdirected Resources

Despite the growing demand for successful completion of higher education, most state and federal student assistance policies still reflect the expectations of the 20th century "access" model. These policies fail to encourage full-time enrollment. Additionally, as tuition and fee rates increase, the combination of federal and state student aid available to low-income students fails to provide enough assistance to enable them to invest sufficient resources in their studies, often undermining the goal of timely completion. Finally, a fundamental shift in how states and institutions prioritize aid for needy students has intensified the financial challenges low-income students face (Burd, 2013). These factors together have often made college completion for America's most needy populations out of reach even for well-prepared students.

In its early days, American higher education often was reserved for the elite and those who showed significant promise in academic pursuits; however, as the country grew and its economic needs

changed, both federal and state governments made significant investments in the higher education system. Following the introduction of federal student aid through the GI Bill and in the wake of President Johnson's Great Society programs, the 1960s and '70s saw significant state investment in higher education as well as legislation that created federal student loans and the Federal Pell Grant Program. These investments were made at various times through different legislative bodies, and started with the intent to provide access to higher education for a greater number of capable students, making higher education available to many low-income and middle-income Americans.

These priorities continue to drive higher education policy but despite more than 40 years of focus and financial investment, those in the lowest income groups continue to struggle to enroll and excel in America's higher education system. Both college participation and attainment rates are considerably higher for students in the highest income quartile compared with those in the lowest income quartile (Bailey & Dynarski, 2011; Belley & Lochner, 2007). Researchers find low-income students are less likely to enroll in college even when controlling for student achievement (Hoxby & Avery, 2012; Bowen, Chingos, & McPherson, 2009).

Today, the majority of state funding is appropriated to institutions based on enrollment. Most states that provide funding based on other measures still award most institutional support based on student enrollment. Historically, state support for higher education has been the "balance wheel" of state budgets, and higher education has been cut more significantly than other programs during economic downturns. Other programs are constitutionally mandated, tied to matching federal dollars, or seem more difficult to cut since higher education institutions can raise tuition (National Association of State Budget Officers, 2013). When institutional tuition prices outpace federal and state aid to students, the purchasing power of grants is reduced and higher education becomes less affordable for low-income students. Federal, state and institutional aid programs could be more effectively aligned to better serve students with insufficient resources to cover the full costs of postsecondary education.

The problem is not simply the amount of money; it is also how and for whom the money is invested. For many years, nearly all higher income, high socio-economic status (SES) students with good academic records have enrolled in college, and the vast majority have completed degrees (Bailey & Dynarski, 2011; Belley & Lochner, 2007; Adelman, 2006). Yet, between 1990 and 2004, many states implemented merit-based state aid programs that directed state aid to such students, reducing their college costs with little or no impact on overall attendance and completion. Merit aid may affect where these students enroll, but in view of the cost, influencing their choice of college may not be the most effective use of resources for states and the nation if the goal is degree and credential completion. Research also suggests that in most sectors, institutions are becoming less responsive to need and more responsive to merit (Doyle, 2010). According to the National Association of State Student Grant and Aid Programs (NASSGAP), undergraduate aid with some sort of merit component grew from \$3 billion in 2006-07 to almost \$4 billion in 2010-11 before declining slightly in 2011-12 (all dollars are constant 2011-12). Nearly 40% of undergraduate state aid contains a merit component and 19% is based entirely on merit (NASSGAP, 2013).

To increase academic achievement and meet national attainment goals, academic incentives and financial assistance must be targeted at students not now completing degrees. The least recognized and most poorly addressed waste of talent is of students who are academically able

To increase academic achievement and meet national attainment goals, academic incentives and financial assistance must be targeted at students not now completing degrees.

but who fail to pursue and complete postsecondary education because they believe it is financially out of reach. These students and their families may lack a clear understanding of the types of aid available and may suffer from “sticker shock” when presented with the cost of attending college (Kane, 1995; McPherson and Schapiro, 1998). As tuition increases, lower-income/SES students at all levels of ability are much less likely to aspire to college and less likely to enroll at all (Destin & Oyserman, 2009; Leslie & Brinkman 1988). These students need assurance of their ability to afford postsecondary education and, once enrolled in postsecondary education, they need predictable and transparent costs and adequate financial assistance to attend school full time.

Additionally, many of the students who struggle financially with college are first-generation students who may not have the same level of knowledge about what it takes to succeed in college as their classmates whose parents or family members previously attended college. These students may not have the background to set them up for success as they make decisions about their courses and schedules (Terenzini et al., 1994). One trend that has recently been highlighted by national groups, notably Complete College America, is the idea that many students are advised that full-time enrollment is 12 credit hours per term (the level required for the maximum Pell Grant), while in most cases it is impossible for a student to graduate in four years taking only 24 semester credit hours per year. Programs hoping to encourage student success often also have a minimum grade point average requirement. However, these requirements sometimes have negative effects on student success. Research from Florida and Georgia shows that students were more likely to reduce course loads, drop classes or change the types of courses in which they enrolled in order to maintain the required grades (Cornwell, Mustard, & Sridhar, 2006). Tennessee found that reducing the GPA requirement actually led to increased retention (Johnson & Yanagiura, 2012).

Based on this analysis, we believe the most effective aid programs:

- Focus assistance on students with financial need;
- Assure low-income students and families that college will be affordable; and
- Encourage students to make decisions that will help ensure completion, such as enrolling full time and in sufficient credit hours.

Previous federal grant programs, such as SSIG and then LEAP, reflected some of these principles, but were not sufficiently funded and were challenging to administer at the federal level. A federal matching grant program to encourage and supplement state student assistance programs that combine financial need with incentives for academic preparation and effort could be an effective strategy for increasing postsecondary attainment.

## **Issue 2: Inadequate concentration on academic work, excessive part-time study**

Student populations are becoming more diverse in many dimensions and it is commonplace to bifurcate students by type: “traditional” (18-24, full-time, residential campus, predominantly white) and “non-traditional” (older adult, independent, working, attending part time, more diverse). Looking at headcount enrollment, “non-traditional” students defined this way now represent more than half the enrollment in postsecondary education. The evidence suggests, however, that the 21st century student must also become less “part-time” in order to be successful.

Analysis of the 2013 National Student Clearinghouse report on college completions (Shapiro, 2012) also suggests that one of the reasons the student body is “older” is not because students begin study after the age of 24, but that inadequately supported low-income students are not completing sufficient credit hours per term to finish degrees in two or four or even six years. According to the NSC report, 82% of the 1.9 million students who began postsecondary study in 2006 were 24 or younger. In the ensuing six years, 42% of these students enrolled full time all the time, 7% enrolled part time all the time, and 51% enrolled in a mixture of full time and part time. Of the students who attended exclusively full time, 76% completed a degree and 80% either completed or were still enrolled by 2012. Of those attending exclusively part time, 21% completed a degree and 32% either completed or were still enrolled six years later. The completion rate for those attending a mixture of full time and part time was in between, with 41% completing a degree and 68% either completing a degree or still enrolled. Enrollment intensity is correlated with both degree completion and the speed of completion (see Appendix A for detailed table). This study confirms that full-time study enhances completion, and part-time study inhibits it. Additionally, recent research from Complete College America shows that enrolling in 15 credit hours per term is the number one predictor of student success and calls for states and institutions to prioritize incentives for students to complete those hours (Postsecondary Analytics, 2013).

Low-income students often have little choice but to attend part time. In many states, Pell Grants are considered a source of funds for tuition and fees, and little or no additional state financial aid is available based on need. This leaves low-income students with inadequate resources to support full-time study and encourages behavior that decreases their chance of persistence: enrolling part time, living off campus, and working more hours (Advisory Committee on Student Financial Assistance, 2001). According to King and Bannon (2002), 62% of low-income students noted they must work full time in order to cover tuition and living expenses — in other words, they are making a trade-off between studying and working. Students who work more hours, even when they do persist, are less likely to graduate on time or even within six years. Similar research suggests students with higher debt ratios also see higher graduation rates, but student willingness to take on debt varies greatly across different demographic groups (Mendoza, 2012). The inadequacy of financial aid is exacerbated when colleges encourage part-time study and do not offer clear pathways for students to complete a program. Consequently, too many disadvantaged students are attempting postsecondary programs using a strategy proven to be ineffective: they work too many hours per week, and they enroll part time or at lower “full-time” levels without a clear pathway for completing an academic program in a timely fashion.

Obviously, there are non-traditional students for whom it is difficult to enroll full time and we must have policies to meet the needs of non-traditional adult students who start education later in life and students who simply cannot enroll full time. These populations are essential members of postsecondary education and existing systems do a poor job addressing their needs. More work must be done to develop policies to meet the unique needs of these students. However, since most postsecondary institutions are designed around traditional-age students without the economic incentive to prioritize work ahead of education<sup>1</sup>, this paper focuses on meeting the needs of more traditional-age students who enroll at public institutions within their states.

Access to loans is not sufficient to achieve outcomes. Instead, grant aid makes the difference.

### Issue 3: Impact of Additional Aid

Significant academic research has been conducted to determine whether a relationship exists between grant aid and improved outcomes. In 1999, Dynarski confirmed previous studies by showing that a \$1,000 increase in grant aid increases educational attainment by about 1.6 years. Avery and Hoxby (2003) found that college enrollment is negatively related to tuition increases and positively related to increases in need-based grant aid. They found that for a \$1,000 increase in tuition, the chance of successful completion decreases by 2%. Research from Bresciani and Carson (2002) and confirmed by National Association of Student Financial Aid Administration (NASFAA) in 2012 suggests that as unmet need increases (defined in our paper as net price) the likelihood of retention and completion declines. Finally, access to loans is not sufficient to achieve these outcomes. Instead, grant aid makes the difference (Heller, 2008). The purpose of our proposal is to encourage all states to reduce net price for students in the lower income quintiles thereby reducing their need for loans, increasing likelihood of college attendance at full-time levels, and improving chances of successful completion.

### Goal of this paper

To address the issues outlined above, this paper examines the following policy approaches within the varying contexts of individual states:

1. **Federal/state matching grant program with incorporated maintenance of effort:**

The concept of a federal/state matching program was one of the few state-specific recommendations from the Reimagining Aid Delivery and Design Project and it has also been a popular idea discussed by state higher education officials. In the first section of this paper, we propose a potential starting point for how to design and estimate the costs of such a program.

States and institutions both play important roles in ensuring college affordability for low-income students. However, in recent years affordability (see Chart 1) has continued to erode despite policies and federal investments designed to help students financially. A number of advocacy groups have identified a lack of coordination among institutions, states, and the federal government; therefore, there may be opportunities through a structured maintenance of effort paired with another significant financial incentive to bring these elements together.

2. **State grant aid programs with incentives for students to enroll full time:** A number of organizations, including the Lumina Foundation, HCM Strategists and Complete College America, have encouraged states to incent students to take more credit hours. This paper looks at four states with policies that focus on greater credit loads and makes recommendations other states may be able to apply within their own contexts.

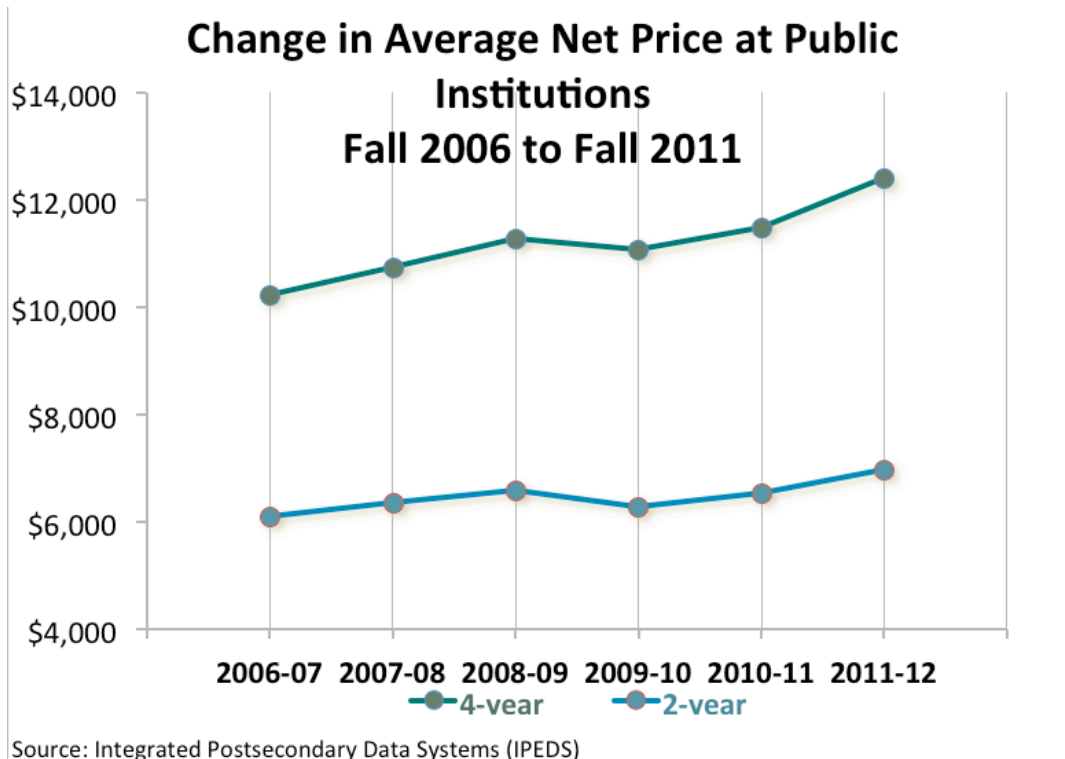
These policy recommendations individually address specific issues related to college affordability and implemented together they are complementary and provide a holistic solution to address

---

<sup>4</sup>The economic incentives for these students, primarily lost income, decline as the unemployment rate for younger workers with only a high school degree increases and wages decrease.



Chart 1



affordability and behavioral issues that impact students. This work examines each idea independently at the state level. Although our focus is on financial aid and enrollment intensity, we recognize these approaches are not the only solutions for improving college success for low-income students and they ought to be aligned in conjunction with deliberate state and institutional strategies that address academic requirements, course scheduling, tutoring, advising, structured learning assistance to students and other methods shown to help students succeed. Such efforts must be coupled with work to improve the success of high school students and those students now requiring developmental education. Efforts to control institutional costs also are important aspects of affordability but are beyond the scope of this paper.

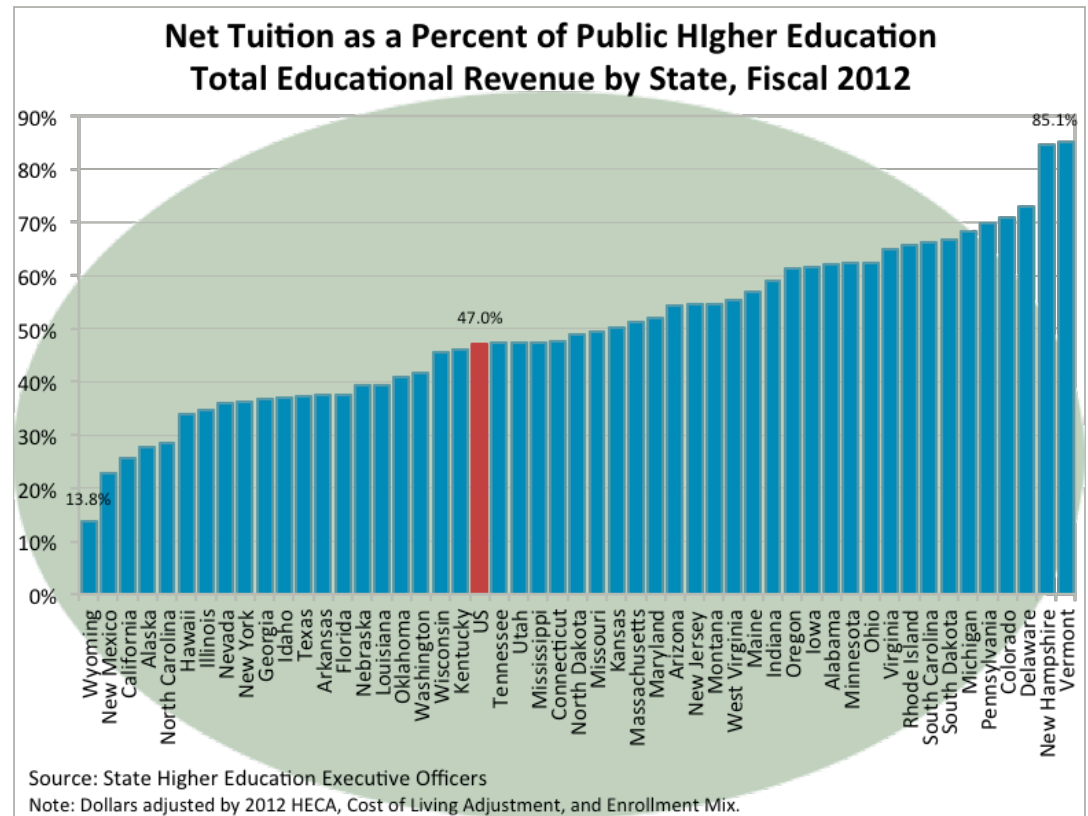
### Importance of state context

Understanding state context is critical as recommendations are implemented. As shown in Chart 2 on Page 12 from the FY 2012 SHEF report, states vary widely in the percent of educational revenue supported by net tuition, from a low of 13.8% in Wyoming to a high of about 85% in New Hampshire and Vermont. Thirty states are above the national average of 47.0% in the proportion of educational revenue from tuition (SHEEO, 2013).

A standardized approach may not address the problems of affordability and completion for all states. Further complicating the picture in terms of the completion agenda, some of the states with the best completion rates (e.g., New Hampshire) are highly dependent on tuition. This illustrates the

While reductions in state funding are not the only reason tuition rates increase, they have been the most important in recent years.

Chart 2



importance of considering state context when evaluating policy recommendations and points out that any federal/state matching grant program should be forward looking and focused on what states can do proactively to make postsecondary education more affordable and to reach attainment goals.

While reductions in state funding are not the only reason tuition rates increase, they have been the most important in recent years. Respondents to our survey of tuition policies overwhelmingly reported that the level of state general fund appropriation was the controlling factor influencing the setting of resident undergraduate tuition rates each year in both the two-year and four-year sectors.

Over the years, states have responded to federal financial incentives in other programs, such as Medicaid, by increasing and then sustaining their appropriations. It would seem such an approach could positively affect completion of quality degrees and credentials in higher education.

Accepting the myriad reasons behind how and to what extent states support their higher education institutions and consequently how reliant those institutions are on tuition revenues, it is critical that any new investment in grant aid not lead to increases in tuition or shifting of other grant aid to students with less documented need. An effective and reasonable maintenance of effort requirement for states could be part of any new or redesigned federal investment.

## Federal/state matching grant program

### Concept and Design

In 2004, a Lumina-supported research report by the Indiana Education Policy Center at Indiana University (St. John, 2004) found that need-based grants have a substantial influence on enrollment rates and suggested that a federal/state partnership would help more low-income students enroll. Since then, a number of organizations have explored this idea. Recently, both the Center for American Progress (CAP) and the American Association of State Colleges and Universities (AASCU) have proposed new federal/state matching partnerships designed to provide additional funding to states for higher education with the goal of increasing state investment in higher education. Here we propose a federal/state matching framework focused on reducing net price for lower-income students and encouraging states to focus on policies that ensure greater completion. Current grant aid from federal, state, and institutional sources is insufficient and often does not cover a significant percentage of the full cost of attendance, so students from low-income families have to take out additional loans and work to cover living expenses. Table 1 on Page 14 provides a breakdown of the average cost of attendance by sector for each state as well as the average net price for first-time freshman students who receive Title IV aid and fall into the bottom two income quintiles collected in IPEDS. Total costs and the net price for students in these income bands, as well as the percentage of tuition covered by aid, vary significantly across states. For two-year institutions there are six states where total aid covers less than 100 percent of tuition for students with incomes less than \$30,000 and ten states where it covers less than 100 percent of tuition for incomes \$30,000-\$48,000. At the four-year level there are 12 states that cover less than 100 percent of tuition for students with incomes less than \$30,000 and in more than half of all states, 26, student aid does not cover tuition for those in the \$30,000-\$48,000 income range. Students in these states are especially likely to need to cover remaining tuition as well as all additional costs through loans. On the opposite side of the spectrum, in 22 states aid covers more than 150 percent of tuition at two-year institutions for students in the \$30,000 and below income bracket and in 13 states aid covers more than 150 percent of tuition for incomes between \$30,000-\$48,000. At four-year institutions these numbers drop to 8 and 3 states, respectively. Although states should be working toward the same goals of ensuring affordability to maintain access and improve completion, we believe additional state investment is only one part of the equation. Therefore, this proposal builds on the models previously proposed by setting a threshold for additional state investment while also creating a mechanism that encourages states to improve completion.

Our proposal is forward looking and builds on existing financial aid allocations from all sources in each state. It is designed to incent states to target additional funding to need-based financial aid programs and encourages states to reduce net price for students in the lower-income ranges. As defined above, the cost of college (net price) is a major impediment to low-income students' successful access and completion. Therefore, this proposal focuses on reducing net price for students falling within the lower income quintiles (those students within approximately 200% of the poverty threshold). However, tuition cost is not the only thing that impacts student success. Many states with low tuition levels continue to struggle with access and completion. For these states with the lowest net prices, putting more state dollars into their financial aid system may not be the most effective strategy to address their completion challenges. In our model, once a state has shown a commitment to affordability it would not have to match its federal grant. Instead, it would be eligible for a federal

## Table 1 — Four-Year

### Average Tuition and Cost of Attendance for all First-Time, Full-Time Students and Net Price for Select Income Bands, Fall 2011 Cohort

4-Year				Income (\$0-\$30,000)		Income (\$30,001-\$48,000)	
	Tuition Cost	Cost of Attendance	% Tuition	Net price	% Tuition Covered by Aid	Net price	% Tuition Covered by Aid
Alabama	\$7,135	\$18,498	39%	\$11,541	98% !	\$12,925	78% !
Alaska	\$5,444	\$14,164	38%	\$10,195	73% !	\$11,908	41% !
Arizona	\$9,288	\$21,682	43%	\$10,118	125%	\$11,134	114%
Arkansas	\$6,254	\$17,108	37%	\$8,272	141%	\$8,812	133%
California	\$8,983	\$22,979	39%	\$7,352	174% *	\$9,411	151% *
Colorado	\$7,109	\$19,217	37%	\$11,252	112%	\$12,620	93% !
Connecticut	\$8,949	\$19,558	46%	\$11,840	86% !	\$10,906	97% !
Delaware	\$9,925	\$21,076	47%	\$14,492	66% !	\$14,254	69% !
Florida	\$3,965	\$15,240	26%	\$8,755	164% *	\$9,548	144%
Georgia	\$5,750	\$17,393	33%	\$9,703	134%	\$10,938	112%
Hawaii	\$6,873	\$15,688	44%	\$6,759	130%	\$8,498	105%
Idaho	\$5,680	\$17,475	33%	\$11,702	102%	\$12,210	93% !
Illinois	\$11,642	\$24,384	48%	\$11,919	107%	\$13,434	94% !
Indiana	\$7,661	\$18,957	40%	\$9,234	127%	\$9,973	117%
Iowa	\$7,524	\$19,235	39%	\$9,108	135%	\$11,105	108%
Kansas	\$6,641	\$17,592	38%	\$11,366	94% !	\$12,396	78% !
Kentucky	\$7,975	\$17,988	44%	\$9,661	104%	\$9,446	107%
Louisiana	\$5,172	\$15,237	34%	\$7,097	157% *	\$7,736	145%
Maine	\$9,454	\$20,421	46%	\$11,867	90% !	\$13,688	71% !
Maryland	\$7,803	\$20,412	38%	\$9,604	139%	\$12,677	99% !
Massachusetts	\$9,930	\$21,035	47%	\$10,374	107%	\$11,698	94% !
Michigan	\$10,207	\$20,356	50%	\$9,800	103%	\$11,554	86% !
Minnesota	\$9,847	\$20,028	49%	\$9,884	103%	\$10,858	93% !
Mississippi	\$5,606	\$18,840	30%	\$11,421	132%	\$12,875	106%
Missouri	\$7,276	\$18,773	39%	\$10,391	115%	\$11,709	97% !
Montana	\$5,824	\$16,745	35%	\$11,656	87% !	\$12,892	66% !
Nebraska	\$6,671	\$17,532	38%	\$9,247	124%	\$9,985	113%
Nevada	\$5,004	\$14,707	34%	\$7,685	140%	\$9,114	112%
New Hampshire	\$13,471	\$25,403	53%	\$13,576	88% !	\$16,982	63% !
New Jersey	\$11,982	\$24,608	49%	\$13,911	89% !	\$14,699	83% !
New Mexico	\$5,120	\$15,768	32%	\$7,543	161% *	\$9,619	120%
New York	\$6,306	\$17,040	37%	\$6,446	168% *	\$9,621	118%
North Carolina	\$5,570	\$17,188	32%	\$6,949	184% *	\$8,091	163% *
North Dakota	\$5,780	\$15,564	37%	\$7,522	139%	\$9,162	111%
Ohio	\$8,572	\$21,091	41%	\$13,039	94% !	\$14,677	75% !
Oklahoma	\$5,499	\$16,225	34%	\$8,298	144%	\$9,749	118%
Oregon	\$7,939	\$20,561	39%	\$11,857	110%	\$12,943	96% !
Pennsylvania	\$11,174	\$23,107	48%	\$13,572	85% !	\$14,993	73% !
Rhode Island	\$9,844	\$20,798	47%	\$9,226	118%	\$11,494	95% !
South Carolina	\$10,152	\$22,890	44%	\$11,621	111%	\$13,350	94% !
South Dakota	\$6,852	\$17,028	40%	\$9,645	108%	\$11,956	74% !
Tennessee	\$6,949	\$19,093	36%	\$8,130	158% *	\$10,139	129%
Texas	\$7,101	\$17,857	40%	\$7,589	145%	\$9,509	118%
Utah	\$4,806	\$15,077	32%	\$9,480	116%	\$10,422	97% !
Vermont	\$11,857	\$22,688	52%	\$11,354	96% !	\$12,041	90% !
Virginia	\$9,219	\$21,656	43%	\$10,839	117%	\$12,173	103%
Washington	\$8,589	\$20,211	42%	\$7,571	147%	\$9,588	124%
West Virginia	\$5,090	\$15,137	34%	\$7,693	146%	\$8,043	139%
Wisconsin	\$7,786	\$17,537	44%	\$9,146	108%	\$10,768	87% !
Wyoming	\$4,125	\$17,174	24%	\$7,490	235% *	\$7,679	230% *

! Less than 100% of Tuition covered by aid

\*More than 150% of Tuition covered by aid

Source: Integrated Postsecondary Data Systems (IPEDS)

Table 1 — Two-Year

Average Tuition and Cost of Attendance for all First-Time, Full-Time Students and Net Price for Select Income Bands, Fall 2011 Cohort

2-Year				Family Income (\$0-\$30,000)		Family Income (\$30,001-\$48,000)	
	Tuition Cost	Cost of Attendance	% Tuition	Net price	% Tuition Covered	Net price	% Tuition Covered
					by Aid		by Aid
Alabama	\$3,828	\$10,348	37%	\$5,388	130%	\$6,500	101%
Alaska	\$3,260	\$10,375	31%	\$7,320	94% !	\$6,550	117%
Arizona	\$1,811	\$10,367	17%	\$5,985	242% *	\$6,424	218% *
Arkansas	\$2,631	\$13,150	20%	\$8,309	184% *	\$8,303	184% *
California	\$973	\$10,547	9%	\$5,815	486% *	\$8,633	197% *
Colorado	\$3,186	\$15,845	20%	\$10,476	169% *	\$11,428	139%
Connecticut	\$3,490	\$9,718	36%	\$5,314	126%	\$5,909	109%
Delaware	\$3,086	\$7,395	42%	\$3,766	118%	\$4,597	91% !
Florida	\$2,406	\$9,318	26%	\$4,978	180% *	\$5,374	164% *
Georgia	\$2,674	\$10,879	25%	\$5,200	212% *	\$6,117	178% *
Hawaii	\$2,400	\$9,101	26%	\$4,585	188% *	\$4,636	186% *
Idaho	\$3,836	\$11,557	33%	\$6,761	125%	\$6,928	121%
Illinois	\$6,973	\$13,433	52%	\$5,287	117%	\$5,873	108%
Indiana	\$3,354	\$13,284	25%	\$8,457	144%	\$9,209	121%
Iowa	\$3,995	\$12,922	31%	\$8,574	109%	\$9,006	98% !
Kansas	\$2,855	\$11,186	26%	\$6,809	153% *	\$7,126	142%
Kentucky	\$3,263	\$10,726	30%	\$5,468	161% *	\$5,721	153% *
Louisiana	\$2,610	\$11,763	22%	\$7,217	174% *	\$8,696	117%
Maine	\$3,422	\$13,078	26%	\$7,452	164% *	\$8,838	124%
Maryland	\$5,685	\$13,395	42%	\$6,668	118%	\$7,678	101%
Massachusetts	\$4,037	\$11,198	36%	\$6,679	112%	\$7,314	96% !
Michigan	\$4,154	\$10,621	39%	\$4,384	150% *	\$5,111	133%
Minnesota	\$5,191	\$16,287	32%	\$12,002	83% !	\$12,345	76% !
Mississippi	\$2,192	\$9,193	24%	\$4,293	224% *	\$5,242	180% *
Missouri	\$3,710	\$11,688	32%	\$6,231	147%	\$7,199	121%
Montana	\$3,548	\$12,893	28%	\$7,677	147%	\$8,275	130%
Nebraska	\$2,511	\$9,709	26%	\$6,149	142%	\$6,215	139%
Nevada	\$2,513	\$11,845	21%	\$8,043	151% *	\$9,140	108%
New Hampshire	\$7,224	\$17,691	41%	\$15,097	36% !	\$18,219	-7% !
New Jersey	\$5,823	\$12,049	48%	\$6,065	103%	\$5,935	105%
New Mexico	\$1,528	\$10,729	14%	\$5,118	367% *	\$6,234	294% *
New York	\$4,282	\$11,392	38%	\$5,293	142%	\$6,944	104%
North Carolina	\$2,154	\$11,925	18%	\$7,593	201% *	\$8,060	179% *
North Dakota	\$3,986	\$12,287	32%	\$6,380	148%	\$7,137	129%
Ohio	\$3,688	\$11,104	33%	\$7,341	102%	\$7,414	100%
Oklahoma	\$2,743	\$11,393	24%	\$6,390	182% *	\$6,947	162% *
Oregon	\$3,772	\$12,143	31%	\$7,848	114%	\$8,638	93% !
Pennsylvania	\$6,824	\$12,634	54%	\$5,549	104%	\$6,351	92% !
Rhode Island	\$3,676	\$9,488	39%	\$4,332	140%	\$5,557	107%
South Carolina	\$4,240	\$12,406	34%	\$6,606	137%	\$6,464	140%
South Dakota	\$5,027	\$13,823	36%	\$8,996	96% !	\$10,001	76% !
Tennessee	\$3,379	\$11,826	29%	\$6,658	153% *	\$7,440	130%
Texas	\$2,871	\$11,205	26%	\$5,685	192% *	\$6,397	167% *
Utah	\$3,052	\$10,547	29%	\$7,517	99% !	\$8,350	72% !
Vermont	\$5,236	\$9,937	53%	\$5,631	82% !	\$5,708	81% !
Virginia	\$3,487	\$10,036	35%	\$5,668	125%	\$6,516	101%
Washington	\$3,620	\$11,317	32%	\$5,379	164% *	\$6,592	131%
West Virginia	\$3,013	\$11,271	27%	\$6,461	160% *	\$6,892	145%
Wisconsin	\$4,038	\$11,922	34%	\$7,056	121%	\$7,703	104%
Wyoming	\$2,280	\$10,451	22%	\$4,688	253% *	\$5,591	213% *

! Less than 100% of Tuition covered by aid

\*More than 150% of Tuition covered by aid

Source: Integrated Postsecondary Data Systems (IPEDS)

This proposal focuses on reducing net price for students falling within the lower income quintiles.

block grant to be dedicated towards non-grant aid services to ensure more low-income, traditionally underserved students are able to attend and succeed in higher education.

- The federal government would match all state governments to provide up to an additional \$4,000 (\$2,000 federal/\$2,000 state) in student aid for all full-time students whose family income is less than a given threshold (the model uses \$48,000 to align with IPEDS).
- Once net price for students within a sector reaches an affordability threshold (the model uses Income Based Repayment Calculation to define this), that sector within the state would be eligible for the same level of funding in a block grant without a required match.
- States receiving block grants would be able to determine the best way to spend those resources but must demonstrate progress in meeting completion goals and outcomes.

Table 2 provides state-level estimates of the cost to the federal government and the states to reduce net price by \$2,000 and then \$4,000 for students within the \$0-\$30,000 and \$30,001-\$48,000 income ranges for the next four student cohorts. To arrive at these estimates, we relied on IPEDS net price data, U.S. Census poverty data, and projections of high school graduates from the Western Interstate Commission on Higher Education's (WICHE) Knocking at the College Door project. We also utilized estimates from the National Center for Higher Education Management Systems (NCHEMS) related to the Lumina achievement goals. (Details of our methodology can be found in Appendix B.) As discussed above, we focus on traditional student populations within a state and are proposing programs to reduce the time it takes for them to earn a credential or degree, thereby reducing the number of non-traditional-age students. These estimates would be split 50-50 between the federal government and the individual states and states would have to provide the additional funding to receive the federal match. Estimated annual cost of the program would range from between \$5.3 and \$5.4 billion per year to reduce net price by \$4,000 for students in the \$0-\$48,000 income range.

Defining an affordability threshold for higher education is complex so this proposal aims to use existing policies to define affordability. The income based repayment plans currently utilized by the Department of Education for loan debt provide a reasonable threshold for affordability. The theory behind these plans is that students can reasonably afford to pay 15% of their discretionary income toward student loan repayment. We used this formula to calculate a state threshold, using median income for workers (in each state) with the appropriate degree level and the federal poverty threshold to estimate average discretionary income, and calculated that a total loan threshold would be reasonable if a person were to pay that amount over 10 years. Once a sector (two-year or four-year) within a state meets this affordability threshold they would then be eligible for the block grant. Table 3 on Page 18 shows these thresholds:

Bachelor's granting institutions in all states would need to invest more funds to reach the threshold for students with incomes between \$30,001 and \$48,000. States are a bit closer to meeting the thresholds for degree granting two-year institutions. Once states meet an affordability threshold, we propose that block grants be flexible but that states must show improved completion for low-income students in the sector. There are extensive metrics already being used and tested in the field that could be integrated into this policy as outcome metrics for these grants.



Table 2

Estimated Costs By State and Nationally for All Students at 200% of Poverty\*

	\$4,000 Reduction in Net Price (\$2,000 State/\$2,000 Federal)				\$2,000 Reduction in Net Price (\$1,000 State/\$1,000 Federal)			
	Freshman 2014-15	Freshman 2015-16	Freshman 2016-17	Freshman 2017-18	Freshman 2014-15	Freshman 2015-16	Freshman 2016-17	Freshman 2017-18
Alabama	\$90,197,264	\$91,132,975	\$93,298,101	\$95,570,542	\$45,098,632	\$45,566,488	\$46,649,051	\$47,785,271
Alaska	\$9,677,970	\$9,656,816	\$10,074,609	\$10,126,171	\$4,838,985	\$4,828,408	\$5,037,304	\$5,063,086
Arizona	\$121,254,615	\$121,376,147	\$121,802,475	\$121,503,467	\$60,627,307	\$60,688,074	\$60,901,238	\$60,751,733
Arkansas	\$59,032,458	\$59,190,635	\$60,257,316	\$60,342,488	\$29,516,229	\$29,595,318	\$30,128,658	\$30,171,244
California	\$698,539,019	\$682,696,107	\$683,061,014	\$684,976,341	\$349,269,509	\$341,348,053	\$341,530,507	\$342,488,170
Colorado	\$76,281,352	\$78,430,184	\$79,863,221	\$82,101,889	\$38,140,676	\$39,215,092	\$39,931,611	\$41,050,945
Connecticut	\$44,631,505	\$44,769,283	\$44,400,780	\$43,810,301	\$22,315,752	\$22,384,642	\$22,200,390	\$21,905,150
Delaware	\$13,038,120	\$13,444,919	\$13,864,935	\$14,207,116	\$6,519,060	\$6,722,459	\$6,932,467	\$7,103,558
Florida	\$303,963,976	\$299,513,678	\$302,208,489	\$301,844,524	\$151,981,988	\$149,756,839	\$151,104,244	\$150,922,262
Georgia	\$175,603,667	\$180,093,644	\$182,523,862	\$186,980,498	\$87,801,833	\$90,046,822	\$91,261,931	\$93,490,249
Hawaii	\$16,646,531	\$16,834,342	\$17,164,630	\$17,685,320	\$8,323,265	\$8,417,171	\$8,582,315	\$8,842,660
Idaho	\$32,168,382	\$33,007,131	\$34,428,647	\$34,470,403	\$16,084,191	\$16,503,565	\$17,214,324	\$17,235,201
Illinois	\$220,772,574	\$220,245,370	\$217,795,426	\$219,938,352	\$110,386,287	\$110,122,685	\$108,897,713	\$109,969,176
Indiana	\$113,977,006	\$113,999,106	\$114,979,996	\$115,954,085	\$56,988,503	\$56,999,553	\$57,489,998	\$57,977,043
Iowa	\$47,840,189	\$48,061,146	\$48,171,625	\$48,674,446	\$23,920,094	\$24,030,573	\$24,085,813	\$24,337,223
Kansas	\$50,709,076	\$52,579,603	\$53,233,811	\$54,138,905	\$25,354,538	\$26,289,802	\$26,616,906	\$27,069,453
Kentucky	\$78,164,538	\$79,723,990	\$79,983,593	\$81,603,376	\$39,082,269	\$39,861,995	\$39,991,797	\$40,801,688
Louisiana	\$80,609,643	\$83,992,771	\$86,233,179	\$91,768,525	\$40,304,822	\$41,996,386	\$43,116,589	\$45,884,262
Maine	\$22,954,676	\$23,210,676	\$22,521,688	\$22,298,873	\$11,477,338	\$11,605,338	\$11,260,844	\$11,149,437
Maryland	\$69,486,816	\$69,204,791	\$68,062,140	\$68,965,293	\$34,743,408	\$34,602,395	\$34,031,070	\$34,482,647
Massachusetts	\$79,186,142	\$80,055,977	\$78,696,094	\$78,642,634	\$39,593,071	\$40,027,988	\$39,348,047	\$39,321,317
Michigan	\$181,671,312	\$179,925,125	\$177,028,389	\$176,658,449	\$90,835,656	\$89,962,562	\$88,514,195	\$88,329,224
Minnesota	\$74,951,999	\$74,526,399	\$75,020,846	\$75,865,788	\$37,476,000	\$37,263,199	\$37,510,423	\$37,932,894
Mississippi	\$60,013,081	\$59,921,295	\$60,926,575	\$63,048,592	\$30,006,541	\$29,960,647	\$30,463,288	\$31,524,296
Missouri	\$107,901,186	\$110,797,221	\$110,129,808	\$110,829,082	\$53,950,593	\$55,398,610	\$55,064,904	\$55,414,541
Montana	\$15,356,280	\$15,483,233	\$15,625,421	\$15,439,223	\$7,678,140	\$7,741,617	\$7,812,710	\$7,719,611
Nebraska	\$31,486,716	\$31,853,227	\$32,248,394	\$33,080,961	\$15,743,358	\$15,926,613	\$16,124,197	\$16,540,481
Nevada	\$42,189,746	\$44,208,885	\$44,638,683	\$43,762,626	\$21,094,873	\$22,104,442	\$22,319,341	\$21,881,313
New Hampshire	\$16,243,142	\$15,948,426	\$15,561,811	\$15,382,235	\$8,121,571	\$7,974,213	\$7,780,905	\$7,691,117
New Jersey	\$120,286,732	\$119,648,661	\$119,281,252	\$118,426,652	\$60,143,366	\$59,824,331	\$59,640,626	\$59,213,326
New Mexico	\$39,369,092	\$39,810,319	\$41,117,349	\$41,365,019	\$19,684,546	\$19,905,159	\$20,558,675	\$20,682,509
New York	\$319,296,910	\$321,247,281	\$323,999,921	\$329,958,522	\$159,648,455	\$160,623,640	\$161,999,960	\$164,979,261
North Carolina	\$168,041,929	\$172,071,184	\$175,305,578	\$178,748,760	\$84,020,965	\$86,035,592	\$87,652,789	\$89,374,380
North Dakota	\$8,682,357	\$8,808,990	\$8,863,086	\$8,544,659	\$4,341,178	\$4,404,495	\$4,431,543	\$4,272,329
Ohio	\$211,030,988	\$213,491,571	\$213,879,908	\$216,012,413	\$105,515,494	\$106,745,786	\$106,939,954	\$108,006,207
Oklahoma	\$71,818,176	\$74,480,515	\$75,169,307	\$76,481,911	\$35,909,088	\$37,240,257	\$37,584,653	\$38,240,955
Oregon	\$65,328,340	\$66,571,089	\$66,154,505	\$66,021,479	\$32,664,170	\$33,285,544	\$33,077,253	\$33,010,739
Pennsylvania	\$201,378,381	\$201,297,583	\$202,588,875	\$204,337,041	\$100,689,190	\$100,648,792	\$101,294,438	\$102,168,520
Rhode Island	\$15,580,804	\$15,422,781	\$13,877,992	\$14,210,284	\$7,790,402	\$7,711,390	\$6,938,996	\$7,105,142
South Carolina	\$76,973,341	\$78,443,268	\$80,096,697	\$82,445,905	\$38,486,670	\$39,221,634	\$40,048,349	\$41,222,952
South Dakota	\$13,424,772	\$13,382,887	\$13,631,092	\$13,828,105	\$6,712,386	\$6,691,444	\$6,815,546	\$6,914,052
Tennessee	\$119,791,189	\$121,900,156	\$124,483,174	\$124,942,294	\$59,895,594	\$60,950,078	\$62,241,587	\$62,471,147
Texas	\$567,784,953	\$579,254,994	\$596,724,721	\$611,604,317	\$283,892,476	\$289,627,497	\$298,362,361	\$305,802,158
Utah	\$51,408,899	\$53,940,805	\$55,694,362	\$57,134,460	\$25,704,450	\$26,970,403	\$27,847,181	\$28,567,230
Vermont	\$10,446,638	\$10,201,182	\$9,999,206	\$9,771,983	\$5,223,319	\$5,100,591	\$4,999,603	\$4,885,992
Virginia	\$103,984,268	\$105,408,434	\$106,132,480	\$108,451,944	\$51,992,134	\$52,704,217	\$53,066,240	\$54,225,972
Washington	\$99,096,626	\$100,031,444	\$100,387,354	\$101,074,069	\$49,548,313	\$50,015,722	\$50,193,677	\$50,537,035
West Virginia	\$30,911,149	\$31,425,761	\$31,146,711	\$31,971,177	\$15,455,575	\$15,712,881	\$15,573,355	\$15,985,589
Wisconsin	\$94,453,716	\$94,695,241	\$95,194,489	\$96,413,893	\$47,226,858	\$47,347,620	\$47,597,245	\$48,206,946
Wyoming	\$7,605,177	\$7,873,083	\$7,969,866	\$8,013,348	\$3,802,588	\$3,936,542	\$3,984,933	\$4,006,674
<b>Federal Costs:</b>	<b>\$5,331,243,416</b>	<b>\$5,363,290,330</b>	<b>\$5,405,503,485</b>	<b>\$5,469,428,737</b>	<b>\$2,665,621,708</b>	<b>\$2,681,645,165</b>	<b>\$2,702,751,742</b>	<b>\$2,734,714,369</b>

\*Assumptions: 45% 2-Year, 54% 4-Year, 60% Enrollment from high school

Source: Calculation based on WICHE high school graduation estimates, NCHEMS projections for enrollment distribution, and US Census poverty estimates

**Table 3 — Four-Year**

**Average Loan Threshold Levels to Qualify For Block Grant Compared to Current Loan Levels**

4-Year	Median Income Bachelor's Degree	IBR Loan Amount/ Affordability Threshold	Income (\$0-\$30,000)			Income (\$30,001-\$48,000)		
			Average Loan Based on Net Price	Reduction Needed to Yearly Net Price		Average Loan Based on Net Price	Reduction Needed to Yearly Net Price	
Alabama	\$45,124	\$21,995	\$57,704	\$7,142		\$64,627	\$8,526	
Alaska	\$51,436	\$29,839	\$50,977	\$4,228		\$59,542	\$5,941	
Arizona	\$46,668	\$23,914	\$50,590	\$5,335		\$55,672	\$6,352	
Arkansas	\$42,377	\$18,581	\$41,360	\$4,556		\$44,058	\$5,095	
California	\$53,033	\$31,824	\$36,761	\$987	*	\$47,053	\$3,046	
Colorado	\$47,782	\$25,298	\$56,260	\$6,192		\$63,100	\$7,560	
Connecticut	\$57,724	\$37,654	\$59,201	\$4,309		\$54,530	\$3,375	
Delaware	\$49,550	\$27,495	\$72,460	\$8,993		\$71,271	\$8,755	
Florida	\$41,876	\$17,958	\$43,777	\$5,164		\$47,742	\$5,957	
Georgia	\$48,704	\$26,444	\$48,513	\$4,414		\$54,691	\$5,650	
Hawaii	\$44,847	\$21,650	\$33,794	\$2,429		\$42,490	\$4,168	
Idaho	\$38,563	\$13,841	\$58,512	\$8,934		\$61,051	\$9,442	
Illinois	\$50,919	\$29,197	\$59,595	\$6,080		\$67,169	\$7,594	
Indiana	\$43,844	\$20,404	\$46,169	\$5,153		\$49,864	\$5,892	
Iowa	\$44,862	\$21,669	\$45,540	\$4,774		\$55,526	\$6,771	
Kansas	\$42,863	\$19,185	\$56,832	\$7,529		\$61,979	\$8,559	
Kentucky	\$42,404	\$18,614	\$48,306	\$5,938		\$47,231	\$5,723	
Louisiana	\$46,018	\$23,106	\$35,484	\$2,476		\$38,679	\$3,115	
Maine	\$40,466	\$16,206	\$59,334	\$8,626		\$68,442	\$10,447	
Maryland	\$57,885	\$37,854	\$48,020	\$2,033		\$63,386	\$5,106	
Massachusetts	\$54,676	\$33,866	\$51,870	\$3,601		\$58,492	\$4,925	
Michigan	\$46,688	\$23,938	\$49,000	\$5,012		\$57,769	\$6,766	
Minnesota	\$50,065	\$28,135	\$49,419	\$4,257		\$54,289	\$5,231	
Mississippi	\$40,669	\$16,458	\$57,106	\$8,130		\$64,377	\$9,584	
Missouri	\$42,019	\$18,136	\$51,956	\$6,764		\$58,543	\$8,081	
Montana	\$35,804	\$10,412	\$58,280	\$9,574		\$64,458	\$10,809	
Nebraska	\$41,949	\$18,049	\$46,236	\$5,637		\$49,924	\$6,375	
Nevada	\$45,130	\$22,002	\$38,424	\$3,284		\$45,570	\$4,714	
New Hampshire	\$50,525	\$28,707	\$67,880	\$7,835		\$84,911	\$11,241	
New Jersey	\$59,550	\$39,923	\$69,553	\$5,926		\$73,493	\$6,714	
New Mexico	\$41,585	\$17,596	\$37,715	\$4,024		\$48,094	\$6,099	
New York	\$52,278	\$30,886	\$32,230	\$269	*	\$48,106	\$3,444	
North Carolina	\$43,806	\$20,357	\$34,743	\$2,877		\$40,457	\$4,020	
North Dakota	\$41,521	\$17,517	\$37,609	\$4,018		\$45,812	\$5,659	
Ohio	\$47,124	\$24,480	\$65,193	\$8,142		\$73,386	\$9,781	
Oklahoma	\$41,627	\$17,649	\$41,489	\$4,768		\$48,744	\$6,219	
Oregon	\$42,384	\$18,589	\$59,285	\$8,139		\$64,717	\$9,226	
Pennsylvania	\$48,200	\$25,817	\$67,862	\$8,409		\$74,965	\$9,830	
Rhode Island	\$52,221	\$30,815	\$46,128	\$3,063		\$57,472	\$5,331	
South Carolina	\$43,103	\$19,483	\$58,106	\$7,725		\$66,749	\$9,453	
South Dakota	\$38,959	\$14,333	\$48,226	\$6,779		\$59,778	\$9,089	
Tennessee	\$42,459	\$18,683	\$40,651	\$4,394		\$50,693	\$6,402	
Texas	\$50,613	\$28,816	\$37,946	\$1,826	**	\$47,545	\$3,746	
Utah	\$42,334	\$18,527	\$47,400	\$5,774		\$52,109	\$6,716	
Vermont	\$40,646	\$16,430	\$56,768	\$8,068		\$60,207	\$8,756	
Virginia	\$52,607	\$31,294	\$54,193	\$4,580		\$60,864	\$5,914	
Washington	\$51,658	\$30,115	\$37,855	\$1,548	**	\$47,939	\$3,565	
West Virginia	\$40,133	\$15,792	\$38,464	\$4,534		\$40,215	\$4,885	
Wisconsin	\$46,204	\$23,337	\$45,732	\$4,479		\$53,841	\$6,101	
Wyoming	\$41,869	\$17,949	\$37,450	\$3,900		\$38,395	\$4,089	

\* Would start to qualify for the block grant with an additional \$1,000 investment

\*\* Would start to qualify for the block grant with an additional \$2,000 investment

Source: SHEEO's calculations from US Census data



Table 3 — Two-Year

Average Loan Threshold Levels to Qualify For Block Grant Compared to Current Loan Levels

2-Year	Median Income Associate's Degree	IBR Loan Amount/ Affordability Threshold	Income (\$0-\$30,000)			Income (\$30,001-\$48,000)		
			Average Loan Based on Net Price	Reduction Needed to Yearly Net Price		Average Loan Based on Net Price	Reduction Needed to Yearly Net Price	
Alabama	\$30,525	\$3,851	\$16,163	\$4,104		\$19,501	\$5,217	
Alaska	\$41,092	\$16,984	\$21,959	\$1,658	**	\$19,650	\$889	*
Arizona	\$32,278	\$6,030	\$17,955	\$3,975		\$19,272	\$4,414	
Arkansas	\$28,590	\$1,447	\$24,928	\$7,827		\$24,910	\$7,821	
California	\$35,524	\$10,064	\$17,444	\$2,460		\$25,899	\$5,278	
Colorado	\$33,248	\$7,235	\$31,427	\$8,064		\$34,285	\$9,017	
Connecticut	\$38,638	\$13,934	\$15,943	\$670	*	\$17,727	\$1,264	**
Delaware	\$37,243	\$12,200	\$11,298	-\$301	*	\$13,791	\$530	*
Florida	\$30,604	\$3,950	\$14,934	\$3,661		\$16,122	\$4,057	
Georgia	\$31,157	\$4,637	\$15,601	\$3,655		\$18,352	\$4,572	
Hawaii	\$34,077	\$8,266	\$13,755	\$1,830	**	\$13,908	\$1,881	**
Idaho	\$27,033	-\$488	\$20,282	\$6,924		\$20,784	\$7,091	
Illinois	\$34,384	\$8,647	\$15,860	\$2,404		\$17,619	\$2,990	
Indiana	\$31,354	\$4,882	\$25,371	\$6,830		\$27,627	\$7,582	
Iowa	\$32,198	\$5,931	\$25,721	\$6,597		\$27,019	\$7,030	
Kansas	\$31,134	\$4,608	\$20,426	\$5,273		\$21,378	\$5,590	
Kentucky	\$30,555	\$3,889	\$16,405	\$4,172		\$17,162	\$4,425	
Louisiana	\$30,616	\$3,964	\$21,650	\$5,895		\$26,088	\$7,375	
Maine	\$30,396	\$3,691	\$22,356	\$6,222		\$26,514	\$7,607	
Maryland	\$40,593	\$16,364	\$20,005	\$1,214	**	\$23,033	\$2,223	
Massachusetts	\$37,587	\$12,628	\$20,036	\$2,469		\$21,942	\$3,105	
Michigan	\$30,784	\$4,173	\$13,153	\$2,993		\$15,334	\$3,720	
Minnesota	\$35,339	\$9,834	\$36,006	\$8,724		\$37,034	\$9,067	
Mississippi	\$27,602	\$219	\$12,878	\$4,220		\$15,725	\$5,169	
Missouri	\$30,532	\$3,860	\$18,692	\$4,944		\$21,597	\$5,912	
Montana	\$27,232	-\$241	\$23,032	\$7,758		\$24,826	\$8,356	
Nebraska	\$31,594	\$5,180	\$18,446	\$4,422		\$18,644	\$4,488	
Nevada	\$33,388	\$7,409	\$24,129	\$5,573		\$27,420	\$6,670	
New Hampshire	\$36,825	\$11,681	\$45,292	\$11,204		\$54,656	\$14,325	
New Jersey	\$40,288	\$15,985	\$18,196	\$737	*	\$17,804	\$606	*
New Mexico	\$28,525	\$1,366	\$15,354	\$4,663		\$18,703	\$5,779	
New York	\$36,511	\$11,291	\$15,878	\$1,529	**	\$20,832	\$3,181	
North Carolina	\$30,227	\$3,481	\$22,778	\$6,432		\$24,181	\$6,900	
North Dakota	\$35,458	\$9,982	\$19,139	\$3,052		\$21,411	\$3,810	
Ohio	\$31,641	\$5,238	\$22,022	\$5,594		\$22,243	\$5,668	
Oklahoma	\$30,944	\$4,372	\$19,171	\$4,933		\$20,842	\$5,490	
Oregon	\$29,948	\$3,134	\$23,544	\$6,803		\$25,914	\$7,593	
Pennsylvania	\$33,238	\$7,223	\$16,648	\$3,142		\$19,053	\$3,943	
Rhode Island	\$35,428	\$9,945	\$12,996	\$1,017	**	\$16,671	\$2,242	
South Carolina	\$30,693	\$4,060	\$19,818	\$5,253		\$19,393	\$5,111	
South Dakota	\$31,261	\$4,766	\$26,989	\$7,408		\$30,002	\$8,412	
Tennessee	\$30,710	\$4,081	\$19,973	\$5,297		\$22,320	\$6,080	
Texas	\$33,133	\$7,093	\$17,054	\$3,321		\$19,190	\$4,033	
Utah	\$30,803	\$4,197	\$22,551	\$6,118		\$25,050	\$6,951	
Vermont	\$33,011	\$6,941	\$16,893	\$3,317		\$17,124	\$3,394	
Virginia	\$35,960	\$10,606	\$17,003	\$2,132		\$19,547	\$2,980	
Washington	\$35,563	\$10,112	\$16,136	\$2,008		\$19,777	\$3,221	
West Virginia	\$29,723	\$2,855	\$19,383	\$5,509		\$20,675	\$5,940	
Wisconsin	\$32,206	\$5,940	\$21,167	\$5,076		\$23,108	\$5,723	
Wyoming	\$32,369	\$6,143	\$14,063	\$2,640		\$16,773	\$3,543	

\* Would start to qualify for the block grant with an additional \$1,000 investment

\*\* Would start to qualify for the block grant with an additional \$2,000 investment

Source: SHEEO's calculations from US Census data

Once states meet an affordability threshold, we propose that block grants be flexible but that states must show improved completion for low-income students in the sector.

### Maintenance of effort

In light of declines in state support, it is important that a new federal/state matching partnership is created in order to add to existing aid from all other sources. This should help ensure states make progress in reducing the cost of postsecondary education for students with significant financial need. Continued eligibility for any new investment in federal and state support should include some maintenance of effort provision to ensure states and institutions do not offset this investment by shifting existing aid to students with less financial need. Twice in the last decade the federal government has established maintenance of effort requirements affecting higher education: for the College Access Challenge Grant (CACG) program, and for the stimulus funds from the American Recovery and Reinvestment Act (ARRA).

An analysis from the American Association of State Colleges and Universities (AASCU) found the size of the CACG program did not justify the additional spending requirement for many states in the program. The MOE established within the ARRA program, occurring alongside the CACG program, did incent states to meet the established requirements. To receive these stimulus funds states had to maintain FY 2006 funding levels in each of fiscal years 2009, 2010, and 2011. The support was substantial and was meant to allow governors to protect education funding during the economic downturn. The same analysis from AASCU found that three states cut to within 1% of the limit in 2009, 15 states did so in 2010, and 12 in 2011. It is likely the MOE requirements prevented larger cuts to state higher education budgets. The analysis from AASCU indicates MOEs can be effective when they are linked to a meaningful amount of federal funding (Hurley, Harnisch, & Nassirian, 2013).

In a sense, our proposal has a built-in maintenance of effort requirement because it requires states to ensure that costs for students in the lowest tiers stay low. However, it is essential to consider how states and institutions may respond to such a system. Integrating a requirement that ensures tuition for all income groups, or even those in the mid-tiers, will not increase faster than inflation may help to address this as it may limit how much states can reduce their overall higher education budgets in order to qualify for the match.

The federal/state matching grant proposal described above that is focused on reducing net price and unmet need should encourage **states** to focus attention on reducing net price for students in the lowest income quintiles. Price and unmet need can be major impediments to participation, enrollment intensity, retention, and degree completion. The following section focuses on how best to encourage students to enroll in sufficient credit hours (i.e., 15 credit hours per term) in order to increase their likelihood of timely completion.

### State grant aid programs with incentives to enroll full time

Many states and advocacy organizations are implementing and discussing policies that encourage students to enroll in sufficient credit hours each year in order to graduate on time. The link between enrollment intensity and college completion was clearly established more than ten years ago (Adelman, 1999), but it has taken the new completion push for many states and institutions to take steps to change student behavior. Some states are specifically examining how they can link state aid

programs to policies designed to increase student enrollment and attainment levels. A number of RADD papers identified increased course loads as an important policy goal that financial aid programs could be designed to address.

Most colleges communicate to students that it will take four years to complete a bachelor's degree, but current federal standards for full-time students to receive the maximum Pell Grant are set at 12 credit hours per term. As a result, 12 credit hours has become the default enrollment level for many students, particularly first-generation, low-income students receiving Pell Grants. This practice hinders students' ability to complete their education in two or four years since, in order to do so, they typically must complete an average of 15 credit hours per term.

As states consider revising grant programs to incorporate credit hour minimums, we believe it's also important to understand the context within which these programs developed and how distinct contexts influenced implementation and outcomes in those states that have already put them in place. To understand this, SHEEO conducted interviews with representatives from four states focusing on:

- How state governance structures impacted policy formation and implementation;
- How individual programs were developed, passed and implemented;
- How policies impacted student behavior and overall outcomes; and
- The factors necessary for successful passage and implementation.

To get a picture of the dynamics that affect successful program implementation, we examined four programs. First, we chose two, long-standing but distinct programs in Minnesota and West Virginia. Minnesota's need-based grant program and West Virginia's merit-based scholarships have been held up specifically by policy groups (Strategy Labs, 2013) as examples of state grant programs that incent this level of enrollment. Next we chose Indiana, a state that recently restructured its need-based grant programs to provide additional grant aid when students had successfully completed 30 credit hours in the prior year. Finally, we looked at Hawai'i, whose "15 to Finish" campaign has succeeded in encouraging students to enroll in 15 credit hours per term (even though it is not currently linked to a state aid program). Lessons from these states provide insight for other states as they consider similar policies.

## Minnesota

The Minnesota Office of Higher Education (MOHE) administers state financial aid programs, including the Minnesota State Grant, the primary state need-based grant. Established in 1969 through statute, the Minnesota State Grant program is one of the oldest, state, need-based grant programs in the United States. It is also one of the most well-funded, expending \$142.7 million in 2011-12 (\$178 million in 2013-14) and ranking tenth in undergraduate, need-based, grant dollars per FTE according to the most recent NASSGAP (2013) survey.

Minnesota has individual governing boards overseeing the two public postsecondary systems. MOHE is responsible for administering the state financial aid programs and advising the governor about higher education in the state. Minnesota's state legislature has strong oversight over the

Some states are specifically examining how they can link state aid programs to policies designed to increase student enrollment and attainment levels.

grant program as it sets the eligibility criteria, responsibility ratios, allowable tuition and fee rates, living expenses, and maximum award amounts each legislative session for the upcoming biennium. Additionally, since 2003, MOHE has had the flexibility to transfer funds from year to year and between financial aid programs. They can also reduce awards proportionally in order to address budget shortfalls or significant changes in enrollment and to stay within appropriations. They also have the authority to maintain a cash reserve over both years of a biennium when they underspend the program.

A major reform was implemented in 1983, incorporating a design for shared responsibility among students, their families, and state taxpayers. According to the Executive Summary of the Minnesota State Grant Review, “The program is designed to complement the federal Pell Grant Program and provide choice and access to undergraduate students to attend the postsecondary institutions that best meet their needs.” The model works from a recognized cost of attendance (base tuition and fees + living expenses) and divides up the cost among the three entities:

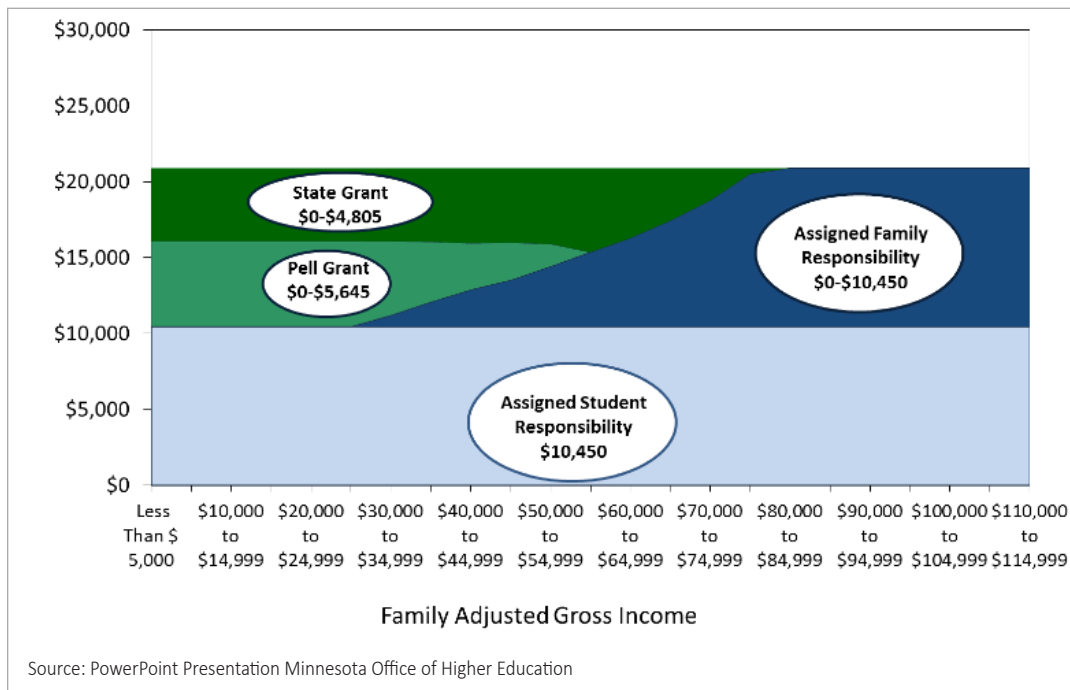
1. Students – regardless of income, all students are expected to cover a portion of educational costs because they benefit economically from earning a postsecondary credential or degree.
2. Families – as determined by the expected family contribution (EFC) calculation.
3. Taxpayers – through a combination of federal Pell Grants and the Minnesota State Grant (Minnesota Office of Higher Education, 2008).

Currently, the base tuition & fees is \$13,000 at four-year institutions and \$5,808 at two-year institutions, while the living allowance is \$7,900. Students are assigned responsibility for 50% of the total cost of \$20,900 (at a four-year). For a family with a \$0 EFC, the remaining \$10,450 would be covered with the maximum Pell Grant and the maximum Minnesota State Grant. For the wealthier families, the remaining cost is covered from their parent or student contribution. For a significant portion of the income range, the remaining cost is covered through a combination of family contributions and grants (Fergus, 2013).

For purposes of calculating award amounts, 15 credit hours per term is considered full time. Once the individual student’s full-time award calculation budget is determined, the budget is prorated for the number of credit hours attempted during the term. So, if the student’s full-time term award calculation budget is \$10,450 and the student only enrolls in 12 credits, the award calculation budget is prorated to \$8,360 ( $\$10,450/15 * 12$  credits). The Minnesota State Grants award calculation budget is prorated to the number of credits taken between 3 and 15 each term (the Minnesota State Grant is the only program we looked at that also serves the needs of part-time students). However, with the exception of students attending public campuses in Minnesota, the student or parent contribution subtracted in the award calculation is not prorated or reduced for enrollment level. Thus, many students qualify at the full-time enrollment level, but do not necessarily qualify at all enrollment levels. In this way, the program has a built-in benefit for students who enroll in 15 credit hours per term (the amount necessary to complete most degree programs in four years).

It is important to note that Minnesota’s incentive is not explicit and in many ways is more a function of the formula used to determine the award amounts for administrative purposes. During our interview, staff at MOHE stated that the calculation is “not an easy formula to understand unless you start doing the math.” Although financial aid is primarily centralized in Minnesota with MOHE

### Chart 3 — Minnesota State Grant



collecting FAFSA information, managing cash flow of appropriations, and establishing the award formula, the institutions determine individual student eligibility, calculate the initial award and distribute the actual award letters which tell students how much aid they will receive. The college’s award letter may delineate what the Minnesota State Grant would be at each credit level, but taking 15 credits is not required and its benefits may not be well understood by students.

Additionally, it’s unclear whether institutions inform students about the benefit of taking additional credit hours. Although full time has been defined as 15 credits per term for the Minnesota State Grant since 1993, federal policies and other state and institutional policies are not aligned to this definition. This lack of alignment and failure to communicate the credit benefit to students may be part of the reason that Minnesota has seen a 20% drop in the grant applicants enrolled in 15 or more credit hours since 1996 while seeing an increase in the number of students enrolled between 12 and 14 credits (Fergus, 2013). It may be that in Minnesota, as in other states, institutions send a stronger message about the 12 credits per term full-time enrollment levels linked with Pell awards rather than the additional monies available through the state grant program for taking 15 credits (much less the effect on more rapid degree completion and ultimate overall cost savings that completing 15 credits would provide). Although it is also important to note that even with a drop of 20%, recent research by Postsecondary Analytics for Complete College America suggests that Minnesota still has a higher concentration of students enrolled in 15 credit hours than do many other states (Postsecondary Analytics, 2013).

Tuition policy differences also change the strength of the financial incentive for students to enroll in 15 credit hours. Since the state places no mandates on tuition policy, some institutions offer a tuition window while other institutions, particularly two-year institutions, have a linear tuition rate schedule.

Using data to formulate and evaluate a financial aid program can lead to better buy-in from stakeholders as well as ensuring that the program is achieving intended outcomes.

For students who are charged per credit, the financial award for a higher enrollment is partially absorbed by higher tuition costs. Additionally, many community college students who qualify for Pell may not see dollars from the state aid program because Pell covers the full taxpayer portion of the award calculation budget. In an opposing example, the University of Minnesota charges a flat rate for 13-18 credit hours and has seen a higher percentage of students attempting 15 or more credits per term than other institutions within the state.

The MOHE has not performed outreach to students describing the grant program and its incentive structure, deferring this responsibility to the individual institutions. Instead, MOHE has focused its outreach to the state legislature, explaining in detail how the shared responsibility model works and interacts with the federal Pell Grant Program. Focusing outreach on the state legislature has yielded positive outcomes as the annual funding for the program was increased to \$178 million per year in the 2013-15 biennium.

### **West Virginia**

Like many states in its region, West Virginia maintains a robust merit-based scholarship program, the Providing Real Opportunities for Maximizing In-State Student Excellence (PROMISE) Scholarship. However, unlike many states with large merit programs, West Virginia also offers a large, need-based grant for low-income students. Staff at the West Virginia Higher Education Policy Commission (WVHEPC) indicated an informal policy goal to maintain a 50/50 split between need and merit grant aid funding. According to the NASSGAP 2012 report, 37% of undergraduate aid expenditures were awarded based solely on merit. In contrast, in 2012, Georgia awarded 77.5%, Arkansas awarded 92.9%, and Louisiana awarded 83.4% of state aid based solely on merit.

The lottery-funded PROMISE Scholarship was created through legislation in 1999 and funded in 2001. Initial eligibility for West Virginia residents is determined based on high school GPA, a rigorous college-prep curriculum, ACT scores, and FAFSA completion. Currently, qualified students earn a scholarship up to \$4,750 per year to cover tuition and mandatory fees at any in-state public or private non-profit institution. From its onset, the program included a requirement that students must complete 30 credit hours each year, along with maintaining a 3.0 cumulative GPA (2.75 in the first year) to remain eligible for the scholarship. This requirement may show a way to address one of the unintended consequences of other large state merit programs — that GPA requirements by themselves can encourage students to attempt fewer credit hours per term. Further, the scholarship is renewable for up to eight semesters (or four years at the 30 credit hour a year pace). These requirements ensure the PROMISE Scholarship aligns with the state's timely completion goals.

West Virginia has worked within its current political and governance structure to make existing programs, and the way they interact, as strong as possible. Merit scholarship programs are often criticized as inefficient because they provide aid to students with the ability to finance postsecondary education from existing family resources. A policy change in West Virginia was made early on in the program (2003) to allow students with documented need to qualify for both the PROMISE Scholarship and the main need-based program (a \$2,500 per year grant). Making the two grants stackable ensures that the state does not punish high-performing, low-income students by requiring them to choose just one option.



West Virginia's program has also been the subject of an analysis that evaluated the program's ability to use money to motivate student performance. The study confirmed the PROMISE Scholarship is aligned with and contributing to West Virginia's strategic completion goals. Controlling for student background and academic standing, the PROMISE Scholarship accounted for an average one-year carrying load increase of 2.1 credit hours. Additionally, PROMISE recipients were 9.5 percentage points more likely to achieve a four-year degree than similar students who did not receive the scholarship (Scott-Clayton, 2009). WVHEPC has found that 45% of PROMISE Scholarship recipients graduate in four years (compared to 25% overall) and six-year rates are 78% and 49%, respectively, for PROMISE recipients and overall statewide (West Virginia Higher Education Policy Commission, 2013).

Then-Governor Manchin formed the PROMISE Scholarship Ad Hoc Advisory Committee in 2008 to review the scholarship. At the time, the standard criticisms of merit programs were directed at the program and the overall solvency was in question. In addition to the completion rate findings described above, this committee also found the program had increased the percentage of high school students taking a rigorous college-preparatory curriculum and reduced the number of students attending college out of state. As a result, the award was adjusted to the \$4,750 flat rate instead of covering full tuition and fees, as had been provided previously. This change enabled the program to remain solvent without increasing the merit requirements of the program (a change that might have harmed needier students). This change also addressed concerns that covering the full tuition and fees of eligible students meant the state was not taking advantage of available federal education tax credits available to cover tuition costs for students and their families.

## Indiana

Indiana, having recently reformed its financial aid programs, was able to use lessons from states like Minnesota, West Virginia and Hawai'i to create a policy that shifts the incentives in the program from enrollment to completion. These reforms started in July 2012 when the centralized financial aid office was incorporated into the Indiana Commission for Higher Education (ICHE), creating a single entity for statewide higher education to ensure financial aid policy is aligned with all higher education policy and the strategic goals of the state. ICHE's primary role is to oversee the structure and mission of higher education in the state. Indiana provides significant funding for its aid programs and this change made way for their comprehensive reform. According to the 2012 NASSGAP report, Indiana ranks 16th in undergraduate grant aid per FTE and 6th in need-based grant aid per FTE. Prior to the reforms, the Frank O'Bannon Grant Program had expenditures of about \$177 million per year. Overall appropriations for the program were maintained during the downturn; although due to enrollment growth the per-student award amounts declined. The 21st Century Scholars program is a need/merit hybrid with expenditures of about \$100 million per year.

Along with the merger, an evaluation of current financial aid policies and programs was undertaken to make sure financial aid was aligned with the goals of the strategic plan *Reaching Higher, Achieving More*, namely, the state's goal that 60% of Hoosiers achieve some sort of postsecondary credential by 2025. HCM Strategists performed the program evaluation and found several areas where Indiana's financial aid programs could be better aligned to the state's completion goals, e.g., grade point average requirements without credit hour requirements may encourage students to take fewer

Aligning state financial aid with the goals of the strategic plan takes advantage of this hard won institutional buy-in and shows the serious commitment the state is making to its plan.

classes, increasing the time it takes to complete a certificate or degree program. The Commission determined changes were necessary and approved pursuing legislation to reform aid programs. One legislative recommendation for the Frank O'Bannon scholarship was to require students to complete 30 credit hours per year to maintain grant eligibility. While theoretically sensible that this requirement would improve timely completion, institutional leadership and financial aid professionals felt this "all-or-nothing" approach would prove harmful to many students who might not be able to handle the additional workload. ICHE staff and the bill sponsors realized that successfully implementing reforms to the grant program without institutional buy-in would be significantly more difficult, so a compromise was put into the legislative proposal. The final bill included the following eligibility reforms:

- Students must complete 24 credit hours each year to maintain eligibility (a change from the old requirement that students enroll in 12 credit hours per traditional semester).
- Students receive a bonus grant if they complete 30 credits in an academic year.
- Students receive a bonus grant for completing 39 credit hours in an academic year.
- Students receive a bonus grant for maintaining a 3.0 GPA.

Instead of mandating 15 credits hours per semester, the program encourages the desired behaviors through additive bonus opportunities. According to ICHE, the new program is a shared compact between the students (grant recipients) and the state, with the state getting increased graduation rates and more degrees for their investment of tax dollars and the student getting a lower-cost degree, less debt, and the ability to join the workforce and realize the economic benefit of postsecondary education sooner. The new requirements are flexible so students can use the full academic year (including summers) to meet them. They also create accountability among students and institutions, reward success, and are transparent. The 21st Century Scholars program was also adjusted to require students to enroll in 15 credit hours per semester to remain eligible for the program. There was easier buy-in for this reform since the state is investing more in these students and since low-income students who lose eligibility for the 21st Century Scholars program would then be eligible for the Frank O'Bannon awards.

Accountability and transparency are major components of the new financial aid program. Public institutions must provide degree maps for each student that outline courses based on a 15 credit hour per semester schedule. According to ICHE, institutions are required to provide courses without tuition charges if the course cannot be scheduled in accordance with the degree map. The financial aid office within ICHE provides centralized administration for the state financial aid programs, collects FAFSA information, develops informational materials for the programs, issues award letters, and makes the awards to students. Additionally, instead of setting up the incentive grant payments for the desired behaviors as percentage increases atop the base award, ICHE recognized flat dollar amount bonuses would be more transparent and easier for students and families to understand. The "State Financial Aid Menu" (see Appendix C) was created to help students understand the new program and how they can maximize their awards.

Indiana's Associate Commissioner for Student Financial Aid, Mary Jane Michalak, visited more than 150 financial aid administrators throughout the state and incorporated their feedback into guidance documents for the first year. The outreach is another example of how ICHE recognizes the critical



importance — to the program’s success — of maintaining institutional support and also involving institutional staff who directly serve students.

Because this is a new program, ICHE has not had the opportunity to analyze its impact. However, they do have some indication that institutions are changing advising practices. Additionally, ICHE plans to monitor how the program is affecting retention and completion rates and other student behavior. A survey was sent to Fall 2013 grant recipients to evaluate their understanding of the new requirements and the incentive structure. Although results from the survey were not available at the time this report was completed, conducting the survey illustrates Indiana’s commitment to ensuring the program is operating as intended.

## Hawai’i

The “15 to Finish” campaign in Hawai’i, although not a financial aid program, provides important lessons for states that are implementing more rigorous credit hour requirements into their state grant programs. Following guidance from Complete College America, staff at the University of Hawai’i System Office determined that a majority of first-time freshmen students at their campuses enrolled in 12-14 credit hours per term but that students across all levels of academic preparation tended to have higher retention rates when they enrolled in 15 or more credit hours.

Although the System Office understood that not all students enrolled in 15 credit hours, they were surprised by how few did. From the perspective of the System Office, many of these students, particularly at the four-year campuses, were traditional students who could handle 15 credits a term. They were not students attending part time or with the intent of taking more than four years to complete their degrees. However, these students were not taking enough credits for timely completion.

The University of Hawai’i’s Board of Regents oversees both two-year and four-year institutions. The System has board and system-level programs and policies but the campuses continue to have high levels of autonomy. In effect, “15 to Finish” is a statewide public service campaign designed to inform students and families that taking 15 credit hours per term is necessary to graduate on time. At a total cost of about \$110,000 in the first year (funded internally from the System’s budget), a series of television commercials and radio advertisements were run throughout the 2012-13 academic year. First-time students and their parents were also targeted during new student orientations. From their promotional materials (see Appendices D and E), the Hawai’i System Office’s rationale for the public service campaign is to:

- Increase the likelihood of timely graduation;
- Lower cost (both direct charges and opportunity) for students, and
- Lower cost to the state and to taxpayers for improved results.

Like Minnesota and Indiana, Hawai’i believes institutional behavior was one of the major drivers of students enrolling in 12-14 credit hours and shifting that behavior after obtaining institutional buy-in was integral to the program’s success. Financial aid counselors and academic advisors were following the Pell Grant standard and advising students that full time was 12 credit hours each semester.

Understand the importance of buy-in and ensure institutional leadership and staff, state legislatures, governors, and other important players support the goals of the program.

The “15 to Finish” campaign used data to show that most students could not only handle higher workloads, but often excelled when they were enrolled in more credits. Unlike previous analysis in this area, the Hawai‘i study was able to show that students who took 15 or more credits did better while controlling for demographic characteristics and academic preparation (University of Hawai‘i System, 2013). During our interview, staff in Hawai‘i frequently acknowledged, “We know 15 credits per term is not for everyone,” recognizing that individual circumstances may make it difficult to enroll at higher levels. In fact, their own surveys indicate that the number one reason that first-time freshmen do not enroll in 15 credit hours is because their “personal schedule prevents them from enrolling in more credits or they have no intention of taking 15 credits” (University of Hawai‘i System, 2013). The System also wanted to change the perception of advisors and professors to convince them that most students can handle 15 credit hours per term and should be encouraged to do so since higher enrollment also leads to a greater likelihood of success.

To complement this policy, UH four-year institutions provide academic maps, semester-by-semester sample schedules to serve as general guidelines for students to complete their degree in four years for all degree programs. At the flagship campus, based on the academic maps, a large portion of first-time freshmen were pre-registered into 15 credit hours their first semester. This made taking fewer than 15 credit hours their first semester a deliberate opt-out action. This is an example of how complementary policies help make the “15 to Finish” program successful.

Tuition policy has also had an impact on the program’s success. The UH four-year campuses have a tuition window where students pay a flat rate for 12 or more credit hours per term. There is no additional cost for taking 15 credit hours for the majority of students. At the community college, tuition is linear so students must pay more in tuition for each additional credit hour attempted. Universities with flat tuition windows did see greater improvements in the percentage of students completing 15 credit hours each semester than did the community colleges. Nationally, community colleges are more likely to offer linear tuition which is why 15 credit hour maximums may not have the same level of impact on their students. In large part, this campaign was enabled by data. The System Office was able to look at student course-taking statistics and make the case for the program with these data. Therefore, another major component of the program is to continue to use data to monitor the impact of the campaign. Initial Fall 2012 data show the campaign led to increases in the share of first-time freshmen taking 15 or more credit hours. At the universities, the increase ranged from 12.3% to 26.7% when compared to Fall 2011. At the community colleges, the change was 4.6% (University of Hawai‘i System, 2013).

Finally, the initial success of the “15 to Finish” campaign may lead to additional policy changes within the System that align and complement the state’s completion agenda. Recently, a change was made to Hawai‘i’s small, state financial aid program (a need/merit hybrid program of about \$3.7 million in 2012) that requires students to complete 30 credit hours per year to maintain eligibility. Hawai‘i has approached this differently from the other states we examined; they changed the behavior and attitudes of students and institutions first, and then linked those changes to their financial aid policies.

## Lessons learned

A number of themes arose from the case studies.

- **Align program to meet state goals within unique state context** – In states with robust strategic plans, the plans themselves were developed through lengthy debate and a certain level of institutional buy-in was necessary to move the plan forward. Aligning state financial aid with the goals of the strategic plan takes advantage of this hard won institutional buy-in and shows institutions, students, policy makers, and the public the serious commitment the state is making to its plan and the goals set forth within.

The recent policy change in West Virginia to make the PROMISE Scholarship and the need-based grant program stackable is indicative of a state working to make its unique system most effectively serve the needs of its low-income students. Indiana’s strategic plan is tied specifically to its new financial aid design.

- **Be pragmatic and willing to compromise during development and implementation** – We learned in Indiana the original proposal the ICHE planned to pursue would have required students to complete 15 credit hours per term to maintain grant eligibility for the need-based Frank O’Bannon Grant Program. Institutional leadership believed this all-or-nothing approach would penalize many eligible students. To win their support prior to the legislative session, the ICHE compromised and proposed maintaining the original credit hour requirements with bonus payments for completing additional credits — a policy that still aligns effectively with their strategic goals.
- **Understand the importance of buy-in and ensure institutional leadership and staff, state legislatures, governors, and other important players support the goals of the program** — In both Indiana and Hawai‘i, system-level leadership recognized successful implementation of their programs would only occur if the institutional staff understood the programs and could promote them effectively. As mentioned above, buy-in from institutional leadership was a key step prior to pursuing legislation in Indiana. In Minnesota, the outreach that the Minnesota Office of Higher Education has done to the state legislature has gone a long way to protect funding for the program over time. But some Minnesota institutions still do not align their practices with the aid program in ways that could maximize student progress.

In Minnesota and Indiana, financial aid administration is centralized and the primary need-based grant programs are by statute. In states with decentralized financial aid systems, buy-in from institutional leadership and staff is even more critical because the institutions will have greater autonomy over the awarding of grant dollars. In these situations, including the completion incentives in state law and obtaining support of legislators and the governor would help ensure the programs work as intended.

- **Keep it simple and transparent** – States should ensure their financial aid program and the incentive structure within the program are easy to understand and provide a direct link between the amount of aid awarded for the type of behavior desired. This should help students and families make the connection between completing more credits and receiving

Recognizing that other state policies may impact the effectiveness of aid program design is essential to ensuring the program meets its goals.

additional aid. Indiana's financial aid award menu is illustrative of this type of effective messaging. The University of Hawai'i System has had significant success even without financial incentives by communicating a simple message to students and parents, helping them understand the long-term implications of enrolling in more credit hours.

- **Make sure complementary policies are aligned where possible** – Recognizing that other state policies may impact the effectiveness of aid program design is essential to ensuring the program meets its goals. Both Hawai'i and Minnesota have seen better outcomes among students who attend four-year institutions with flat tuition structures than for students who attend community colleges with linear pricing (although the reasons for the impact are unclear since these institutions serve fundamentally different student populations). States with linear tuition structures across all institutions might consider how this policy may affect implementation of a credit hour incentive. Other state policies, such as degree maps being used in Hawai'i and Indiana, can complement and strengthen the effectiveness of a program like this.
- **Use data to monitor the newly implemented reform and be willing to make informed changes to improve program** – Using data to formulate and evaluate a financial aid program can lead to better buy-in from stakeholders as well as ensuring that the program is achieving intended outcomes. Every state we interviewed identified areas where they have or plan to use data to inform and improve the policy. Hawai'i was able to use data to defend its campaign and change institutional practice related to advising. West Virginia has shown that putting financial incentives based on enrollment intensity can lead to better completion. Minnesota has been able to use data to see that carrying-load numbers have actually declined over the last two decades and to consider how to improve them.
- **States can act even if the federal government does not change its programs** – Some have argued that changes in federal aid policies are essential if improvements are to be made in tying aid to completion. However, the success of West Virginia in stacking its need and merit programs and of Indiana in providing state funding incentives to students to increase their credit hours contradict that argument. Although a redesign of federal financial aid programs could do much to spur students and institutions to improve completion and could be even more effective in spurring changes in state policies and programs through matching opportunities, the experiences of Indiana and West Virginia show that states can take the lead in making improvements. Hawai'i demonstrated that changes in messaging can even have an effect in advance of changes in aid programs.
- **Governance itself does not affect the program's success** – State and institutional governance structures provided neither advantage nor impediment to the programs in the four states. However, state context requires that approvals and buy-in be sought from all relevant leaders, regardless of where formal authority lies.

## Final Thoughts and Observations

Meeting the nation's completion goals is critical to this country's success and global competitiveness. Significantly increasing completion will require a coordinated effort among the federal government, the states, state higher education agencies, institutions, and students and their families. In this paper we have proposed a matching grant framework that would coordinate the efforts of the federal government and the states to reduce net price for students in the lowest income quintiles. We believe that this policy strikes a balance between meeting states where they currently are and encouraging them to focus on both affordability and completion. This proposal is intended as a starting point for a broader discussion on how to encourage states to target resources to make college more affordable for students with documented financial need. We have provided an initial calculation of what the state-by-state costs of this proposal might be and recognize other factors must be explored to identify and minimize negative unintended consequences.

We have also highlighted examples where states use their financial aid programs to encourage students to complete the course load necessary for timely completion. These student incentives work best when both state and institutional policies and behaviors are aligned with the completion goals. Improved coordination and alignment of policies and practices among the various actors involved in postsecondary education is necessary if these completions goals are to be met and if we are to provide better opportunities for low-income students to succeed and realize the economic benefits of higher education. Of course, additional investments in need-based aid from the federal government or the states should not be offset by the shifting of institutional aid to more affluent students or by increases in tuition and fee rates.

Although our focus has been on the financial barriers faced by low-income students and on enrollment intensity, we recognize these approaches are not the only methods for improving college success for low-income students and they ought to be aligned in conjunction with deliberate, state and institutional strategies that address academic requirements, course scheduling, tutoring, advising, structured learning assistance to students, and other methods shown to help students succeed.



# REFERENCES

- Adelman, C. (2006). *The Toolbox Revisited: Paths to Degree Completion From High School Through College*. Washington, D.C.: U.S. Department of Education.
- Adelman, C. (1999). *Answers in the Tool Box: Academic Intensity, Attendance Patterns, and Bachelor's Degree Attainment*. Washington, DC: U.S. Department of Education.
- Advisory Committee on Student Financial Assistance (February 2001). *Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity*. Washington, D.C. Available at: [http://www2.ed.gov/about/bdscomm/list/acfsa/access\\_denied.pdf](http://www2.ed.gov/about/bdscomm/list/acfsa/access_denied.pdf)
- Avery, C. and Hoxby, C. (2003). *Do and Should Financial Aid Packages Affect Students' College Choices?* Available at: [http://www.nber.org/papers/w9482.pdf?new\\_window=1](http://www.nber.org/papers/w9482.pdf?new_window=1)
- Bailey, M. J., and Dynarski, S. (2011). *Gains and Gaps: Changing Inequality in U.S. College Entry and Completion* (University of Michigan Population Studies Center Report 11-746). Retrieved December 1, 2013, from <http://www.psc.isr.umich.edu/pubs/pdf/rr11-746.pdf>.
- Belley, P. & Lochner, L. (2007). The Changing Role of Family Income and Ability in Determining Educational Achievement. *Journal of Human Capital*. University of Chicago Press, vol 1(1). Pages 37-89
- Bowen, W.G., Chingos, M.M., and McPherson, M. (2009). *Crossing the Finish Line: Completing College at America's Public Universities*. Princeton, New Jersey: Princeton University Press.
- Bresciani, M. J. and Carson, L. (2002) A Study of Undergraduate Persistence by Unmet Need and Percentage of Gift Aid. *NASPSA Journal*, Vol 40, no. 1, Fall. Available at: <http://www.uccs.edu/Documents/retention/2002%20Study%20of%20Undergraduate%20Persistence%20by%20Unmet%20Need%20and%20Percent.pdf>
- Burd, S. (2013). *Undermining Pell: How Colleges Compete for Wealthy Students and Leave the Low-Income Behind*, Washington DC: New America Foundation. Available at: [http://newamerica.net/sites/newamerica.net/files/policydocs/Merit\\_Aid%20Final.pdf](http://newamerica.net/sites/newamerica.net/files/policydocs/Merit_Aid%20Final.pdf)
- Cornwell, C., Mustard, D.B., and Sridhar, D.J. (2006). The Enrollment Effects of Merit-Based Financial Aid: Evidence from Georgia's HOPE Program. *Journal of Labor Economics* 24(4): 761-86. The University of Chicago Press
- Doyle, W.R. (December 2010). Changes in Institutional Aid, 1992–2003: The Evolving Role of Merit Aid. *Research in Higher Education*, Volume 51, Issue 8, pp 789-810
- Dynarski, S.M. (2003). Does Aid Matter? Measuring the Effect of Student Aid on College Attendance and Completion. *American Economic Review*, 93(1): 279-288.
- Fergus, M. (September 27, 2013). Minnesota State Grants: A Brief Overview. [PowerPoint slides]. Sent by Meredith Fergus to SHEEO.
- Heller, D.E. (2008). The Impact of Student Loans on College Access. In Baum, S. McPherson, M., and Steele, P., *The Effectiveness of Student Aid Policies: What the Research Tells Us*. The College Board. Available at: <http://professionals.collegeboard.com/profdownload/rethinking-stu-aid-effectiveness-of-stu-aid-policies.pdf>

- Hoxby, C.M. and Avery, C. (December 2012). The Missing “One-Offs”: the Hidden Supply of High-Achieving, Low Income Students . NBER Working Paper No. w18586. Available at SSRN: <http://ssrn.com/abstract=2186316>.
- Hurley, D. J., Harnisch, T. L., and Nassirian, B. (2014). *A Proposed Federal Matching Program to Stop the Privatization of Public Higher Education*. American Association of State Colleges and Universities. Available at: <http://www.aascu.org/policy/publications/policy-matters/federalmatchingprogram.pdf>
- Johnson, N. and Yanagiura, Takeshi, (2012). Evaluation of Indiana’s Financial Aid Programs and Policies. HCM Strategists.
- Kane, T. (1995). *Rising public college tuition and college entry: How well do public subsidies promote access to college?* NBER Working Paper no. 5164. Cambridge Mass.: National Bureau of Economic Research.
- King, T. and Bannon, E. (2002). *At What Cost? The Price that Working Students Pay for a College Education*. State PIRGs’ Higher Education Project. Available at: [http://www.pirg.org/highered/atwhatcost4\\_16\\_02.pdf](http://www.pirg.org/highered/atwhatcost4_16_02.pdf)
- Leslie, L.L., Brinkman, P. T. (1989). The Economic Value of Higher Education. *The Journal of Higher Education*. Vol. 60, No. 5 (Sep. - Oct., 1989), pp. 609-611. Ohio State University Press.
- McPherson, M. S., & Schapiro, M. O. (1998). *The Student Aid Game*. Princeton, NJ: Princeton University Press.
- Mendoza, P. (2012). Should I Work or Should I Borrow? Counterfactual Analysis on the Effect of Working While Enrolled and Debt on Baccalaureate Completion. *Journal of Student Financial Aid*: Vol. 42: Iss. 2, Article 2. Available at: <http://publications.nasfaa.org/jsfa/vol42/iss2/2>
- Destin, M., and Oyserman, D. (April 2009). From Assets to School Outcomes: How Finances Shape Children’s Perceived Possibilities and Intentions. *Psychological Science*. Vol. 20 no 4 pp. 414-418.
- Minnesota Office of Higher Education. (October 2008). Minnesota State Grant Review. Retrieved online on December 14, 2013 from <http://www.ohe.state.mn.us/pdf/SGR1-PrelimSGReviewSummary.pdf>
- National Association of State Budget Officers. (Spring 2013). Improving Postsecondary Education Through the Budget Process: Challenges & Opportunities. Available at: <http://www.nasbo.org/sites/default/files/pdf/Improving%20Postsecondary%20Education%20Through%20the%20Budget%20Process-Challenges%20and%20Opportunities.pdf>
- National Association of State Student Grant and Aid Programs. (2013). 43rd Annual Survey Report on State Sponsored Student Financial Aid 2011-2012 Academic Year. Available at: <http://www.nassgap.org/viewrepository.aspx?categoryID=351#>
- National Association of Student Financial Aid Administrators. (2012). Issue Brief: The Role of Pell Grants in Access, Persistence and Completion. Available at: <http://www.nasfaa.org/EntrancePDF.aspx?id=8107>
- Postsecondary Analytics. (October 2013). *How Full-Time are “Full-Time” Students?* Complete College America. Available at: <http://www.completecollege.org/pdfs/2013-10-14-how-full-time.pdf>
- Scott-Clayton, J. (October 2009). *On Money and Motivation: A Quasi-Experimental Analysis of Financial Incentives for College Achievement*. Retrieved online January 4, 2014 from <http://ccrc.tc.columbia.edu/media/k2/attachments/money-motivation-college-achievement.pdf>
- Shapiro, D., Dunder, A., Chen, J., Ziskin, M., Park, E., Torres, V., and Chiang, Y. (November 2012). *Completing College: A National View of Student Attainment Rates*. National Student Clearinghouse Research Center. Available at: [http://nscresearchcenter.org/wp-content/uploads/NSC\\_Signature\\_Report\\_4.pdf](http://nscresearchcenter.org/wp-content/uploads/NSC_Signature_Report_4.pdf)



- Shapiro, D., Dundar, A., Chen, J., Ziskin, M., Park, E., Torres, V., and Chiang, Y. (February 2013). *Completing College: A State-Level View of Student Attainment Rates*. National Student Clearinghouse Research Center. Available at: [http://nscresearchcenter.org/wp-content/uploads/NSC\\_Signature\\_Report\\_4-StateLevel.pdf](http://nscresearchcenter.org/wp-content/uploads/NSC_Signature_Report_4-StateLevel.pdf)
- St. John, E P., Chung, C-G., Musoba, G. D., Simmons, A. B., Ontario, W. S., and Mendez, J.P. (February 2004). *Expanding College Access: The Impact of State Finance Strategies*. Indiana Education Policy Center at Indiana University. Lumina Foundation for Education Research Report.
- State Higher Education Executive Officers. (2013). *State Higher Education Finance FY 2012*. Available at: <http://www.sheeo.org/sites/default/files/publications/SHEF-FY12.pdf>.
- Strategy Labs website (January 2014) <http://strategylabs.luminafoundation.org/higher-education-state-policy-agenda/core-element-2/implement-comprehensive-financial-aid/>
- Terenzini, P. T., Rendon, L. I., Upcraft, M.L., Millar, S.B., Allison, K.W., Gregg, P.L., and Jalomo, R. (1994). The Transition to College: Diverse Students, Diverse Stories. *Research in Higher Education*, 35(1): 57-73.
- University of Hawai'i System Institutional Research and Analysis Office. (September 2013). Impact of Enrolling in 15 or More Credits on Selected Performance Outcomes First-Time Freshman at UH Two-Year Campuses Fall 2009 to Fall 2012. Retrieved online at: [http://www.15tofinish.com/reference/15\\_to\\_Finish\\_UHCC\\_Combined\\_Report-September\\_2013.pdf](http://www.15tofinish.com/reference/15_to_Finish_UHCC_Combined_Report-September_2013.pdf)
- University of Hawai'i System Institutional Research and Analysis Office. (September 2013). Impact of Enrolling in 15 or More Credits on Selected Performance Outcomes First-Time Freshman at UH Four-Year Campuses Fall 2009 to Fall 2012. Retrieved online at: [http://www.15tofinish.com/reference/15\\_to\\_Finish\\_4-Yr\\_Combined\\_Report-September\\_2013.pdf](http://www.15tofinish.com/reference/15_to_Finish_4-Yr_Combined_Report-September_2013.pdf)
- University of Hawai'i System Institutional Research and Analysis Office. (September 2013). Survey of Undergraduate Students Enrolled in 12-14 Credits Fall 2013 Results (as of 12/9/13). Retrieved online at: [http://www.hawaii.edu/offices/app/aa/ccao/Survey\\_Undergraduate\\_12\\_14\\_Fall2013\\_FINAL.pdf](http://www.hawaii.edu/offices/app/aa/ccao/Survey_Undergraduate_12_14_Fall2013_FINAL.pdf)
- U.S. Census Bureau. American Community Survey. Online at: <http://www.census.gov/acs/www/>
- U.S. Congress. Congressional Budget Office. (September 2013). *The Federal Pell Grant Program: Recent Growth and Policy Options*. Available at: [http://cbo.gov/sites/default/files/cbofiles/attachments/44448\\_PellGrants\\_9-5-13.pdf](http://cbo.gov/sites/default/files/cbofiles/attachments/44448_PellGrants_9-5-13.pdf)
- U.S. Department of Education. Institute of Education Sciences. National Center for Education Statistics. Integrated Postsecondary Education Data System. Online at: <http://nces.ed.gov/ipeds/>
- U.S. General Accounting Office. (December 1983) Report: *Funding Information on the State Student Incentive Grant Program and Other Need-Based Student Aid Programs of Selected States*. (GAO/HRD-84-19) Available at: <http://www.gao.gov/assets/210/207013.pdf>
- West Virginia Higher Education Policy Commission. *West Virginia's Multi-Faceted Completion Approach*. Presentation at SHEEO Higher Education Policy Conference State Agency Workshop (August 16, 2013).
- Western Interstate Commission for Higher Education. *Knocking at the College Door: Projections of High School Graduates by Sex and for Major Metropolitan Areas*. (2013). Online at: <http://www.wiche.edu/info/knocking-8th/supplement/KnockingOct13Full.pdf>

# Appendix A: Analysis of 2012 National Clearinghouse Completion Data for the 2006 Cohort

## Enrollment Intensity and Completions Data for Students Entering at 4-Year Public Institutions

Red Denotes a Value 20% Below the U.S. Overall/Green Denotes a Value 20% Above the U.S. Overall

State	Coverage	Total Completion Rate	Percent Exclusively Full-Time Students	Percent Exclusively Part-Time Students	Percent Mixed Enrollment Students	Total Full-Time Completion Rate	PT Total Part-Time Completion Rate	Total Mixed Enrollment Completion Rate
Pearson's Correlation Coefficient Enrollment Intensity Percent and Completion						0.803**	-0.812**	-0.632**
New Hampshire	90+	76.56	70.39	5.13	24.48	89.62	16.24	51.64
Wyoming	90+	61.06	69.35	*	25.35	76.15	*	32.06
Vermont	90+	70.60	66.05	4.47	29.49	83.80	14.12	49.64
Iowa	90+	79.54	64.17	3.35	32.48	91.16	22.48	62.49
Pennsylvania	90+	69.10	64.03	3.09	32.89	82.53	29.33	46.72
New Jersey	80-89	73.62	63.59	4.23	32.18	86.92	36.95	52.19
Virginia	90+	76.35	63.36	4.25	32.38	90.48	32.17	54.55
Illinois	90+	72.74	63.34	3.02	33.63	87.75	39.32	47.55
North Carolina	90+	65.89	60.30	2.93	36.77	82.43	28.99	41.75
Connecticut	90+	69.40	59.64	4.41	35.95	84.77	33.93	48.27
South Carolina	90+	71.52	59.17	3.95	36.87	88.78	12.65	50.18
Wisconsin	90+	71.04	59.01	2.38	38.61	84.93	32.50	52.23
Massachusetts	90+	62.61	57.23	7.49	35.28	78.85	25.31	44.21
Mississippi	80-89	61.05	54.43	3.19	42.38	79.31	28.57	40.12
Maryland	80-89	63.06	52.25	11.12	36.63	87.54	22.19	40.57
New York	90+	57.89	51.96	5.74	42.29	76.22	22.10	40.23
Montana	90+	48.16	50.04	4.89	45.07	59.99	12.07	38.92
Michigan	65-79	71.62	49.98	3.33	46.69	88.03	32.10	56.89
South Dakota	90+	60.32	46.79	6.23	46.97	78.90	27.42	46.17
Colorado	80-89	57.28	46.79	5.98	47.24	78.44	11.51	42.12
Ohio	90+	57.99	46.16	4.73	49.11	79.04	16.74	42.20
Tennessee	90+	55.04	45.90	5.09	49.01	78.56	18.22	36.89
Kentucky	90+	54.76	45.78	5.26	48.96	76.11	18.96	38.62
Arizona	90+	68.30	45.33	3.43	51.24	85.01	33.96	55.87
North Dakota	90+	56.87	43.40	4.64	51.96	79.02	15.00	42.12
Nebraska	90+	60.54	43.14	4.32	52.54	81.01	31.78	46.11
Kansas	80-89	59.21	43.01	6.64	50.36	78.89	22.35	47.23
West Virginia	80-89	48.35	42.20	8.04	49.76	68.02	13.89	37.07
Maine	90+	53.91	42.03	9.51	48.46	76.16	10.59	43.12
Alabama	90+	56.94	42.01	4.50	53.49	76.76	23.99	44.20
Hawaii	90+	56.94	41.00	8.68	50.31	77.89	17.92	46.60
California	90+	65.67	40.48	2.62	56.91	85.58	28.00	53.26
Louisiana	80-89	53.28	39.56	4.80	55.64	70.57	12.36	44.53
Missouri	90+	58.40	39.04	4.65	56.30	79.60	19.26	46.95
New Mexico	80-89	41.56	36.28	12.48	51.24	66.39	14.98	30.37
Minnesota	90+	67.06	36.26	3.94	59.80	84.99	22.96	59.11
Arkansas	80-89	45.93	35.26	8.18	56.57	66.16	13.11	38.04
Washington	90+	66.31	35.10	4.35	60.55	86.37	18.94	58.09
Georgia	65-79	57.48	34.46	5.39	60.14	76.41	25.31	49.53
Idaho	90+	39.16	33.98	10.52	55.50	61.94	7.64	31.19
Texas	65-79	56.15	33.94	6.85	59.21	76.78	21.03	48.38
Oklahoma	65-79	47.16	32.30	9.53	58.18	70.20	10.72	40.26
Oregon	80-89	61.63	32.26	3.94	63.80	77.25	17.85	56.44
Florida	80-89	56.16	22.57	14.01	63.43	82.60	20.67	54.57
Utah	90+	32.21	19.33	16.20	64.47	52.12	9.03	32.06
Nevada	90+	27.38	15.36	26.18	58.45	69.95	4.38	26.47
Alaska	90+	22.76	11.17	27.78	61.06	50.32	7.90	24.47
U.S. Overall		60.57	45.32	6.05	48.63	80.97	18.95	46.83
Max		79.54	70.39	27.78	64.47	91.16	39.32	62.49
Min		22.76	11.17	2.38	24.48	50.32	4.38	24.47
Avg		58.86	45.73	6.86	47.45	78.09	20.82	44.94
Median		59.21	45.32	4.84	49.11	78.90	19.97	46.11

Source: National Student Clearinghouse, Completing College: A State-Level View of Student Attainment Rates

Notes:

Delaware not included since they have fewer than 3 institutions reported in all areas.

\* Means fewer than fifty students were available for analysis.

\*\*Statistically significant to the .01 level (2-tailed)

**Enrollment Intensity and Completions Data for Students Entering at 2-Year Public Institutions**

Red Denotes a Value 20% Below the U.S. Overall/Green Denotes a Value 20% Above the U.S. Overall

State	Coverage	Total Completion Rate	Percent Exclusively Full-Time Students	Percent Exclusively Part-Time Students	Percent Mixed Enrollment Students	FT Total Completion Rate	PT Total Completion Rate	Mixed Total Completion Rate
Pearson's Correlation Coefficient Enrollment Intensity Percent and Completion						0.722**	-0.516**	-0.655**
South Dakota	80-89	62.49	71.50	*	26.62	75.60	*	30.28
North Dakota	90+	61.22	56.25	*	41.52	75.23	*	43.51
Montana	80-89	44.69	47.90	5.21	46.89	53.52	21.48	38.31
Wyoming	90+	36.01	45.08	5.27	49.65	45.73	13.33	29.62
Iowa	80-89	45.04	40.11	5.00	54.89	55.27	23.69	39.51
New York	90+	39.16	35.62	4.71	59.67	50.96	23.14	33.39
Minnesota	90+	49.94	34.26	7.07	58.67	63.92	30.85	44.08
Maine	65-79	38.60	33.89	8.20	57.91	45.73	20.76	36.94
Arkansas	65-79	38.08	31.75	9.80	58.45	50.86	23.83	33.54
New Jersey	90+	34.13	31.10	7.18	61.72	44.77	16.71	30.81
Idaho	90+	27.38	29.53	7.97	62.50	42.31	12.05	22.29
Pennsylvania	90+	37.94	29.51	9.48	61.01	50.95	25.08	33.65
Washington	90+	37.89	28.62	5.23	66.15	49.01	12.74	35.07
North Carolina	90+	35.20	28.23	9.33	62.44	49.16	20.91	31.02
Missouri	65-79	33.90	28.19	7.49	64.32	45.62	14.67	31.00
Nebraska	80-89	38.29	26.94	9.78	63.28	55.32	15.46	34.55
South Carolina	65-79	36.63	26.23	10.35	63.41	50.60	23.44	33.00
Colorado	90+	32.67	26.00	12.01	61.99	43.62	17.58	31.00
Massachusetts	90+	34.82	25.30	12.48	62.21	43.71	24.21	33.33
Maryland	80-89	34.44	23.58	11.01	65.41	51.42	15.00	31.59
Illinois	90+	40.75	23.18	11.64	65.18	64.18	20.99	35.95
Utah	65-79	25.35	20.92	16.20	62.88	28.73	11.08	27.58
Ohio	90+	31.12	20.24	10.72	69.04	37.94	17.53	31.22
Hawaii	90+	37.86	20.02	11.43	68.54	56.35	16.73	35.97
Tennessee	90+	39.36	19.80	11.56	68.64	65.31	18.55	35.39
Michigan	65-79	34.13	19.24	14.23	66.53	51.50	19.79	32.14
Connecticut	90+	29.73	18.27	18.95	62.78	36.72	17.03	31.52
Kentucky	90+	39.48	17.60	9.78	72.62	37.61	22.03	42.28
Oregon	80-89	26.46	17.27	10.26	72.47	33.89	7.81	27.32
Florida	65-79	47.48	16.56	14.56	68.88	61.98	25.13	48.66
Virginia	90+	42.55	16.31	12.84	70.85	58.49	22.84	42.44
Indiana	90+	18.36	13.03	22.60	64.37	26.68	6.94	20.67
California	80-89	27.65	11.11	10.80	78.09	59.68	11.22	25.36
<b>U.S. Overall</b>		36.29	23.26	10.01	66.72	52.55	18.39	33.24
<b>Max</b>		79.54	70.39	11.12	56.91	75.60	30.85	48.66
<b>Min</b>		48.16	39.56	2.38	24.48	26.68	6.94	20.67
<b>Avg</b>		63.25	52.48	5.04	42.47	50.37	18.47	33.73
<b>Median</b>		61.06	50.04	4.57	45.07	50.86	18.55	33.33

Source: National Student Clearinghouse, Completing College: A State-Level View of Student Attainment Rates

Notes: Rhode Island, Vermont and Nevada were removed from this analysis because there were fewer than 3 institutions included

\* Means fewer than fifty students were available for analysis.

\*\*Statistically significant to the .01 level (2-tailed)

## Appendix B: Model Framework and Methodology

---

This paper proposes a federal/state partnership that is designed to encourage states and institutions to make college affordable for students in lower income quartiles through a matching grant program and reward states who reach an affordability threshold by providing them with a block grant that they can use to address other issues related to completion. This model is based on the theory that cost is a primary barrier to student success and reducing student cost should be a priority for state and federal policy makers, but that in many cases affordability may not be enough to ensure greater college completion.

The federal/state matching policy is based on the following principles:

- Meet states where they are
- Tie the grant directly to student aid
- Reward states that commit to making college affordable, particularly for the lowest-income students
- Provide states that have committed to affordability with additional resources to advance completion

### Data and Assumptions

The model uses two common cost measures collected at the institutional level in Integrated Postsecondary Education Data System (IPEDS): Total cost of attendance and net price. Total cost of attendance incorporates tuition, fees and living expenses (which vary for on-campus students, off-campus students living with family, and off-campus students living without family). An average cost of attendance for each state was calculated by weighting the cost of attendance based on institution and the distribution of the student's living situation. Average net price is a measure of how much students actually pay after grants and scholarships. Average net price is collected for all students receiving Title IV broken down into five income bands. This analysis focuses on the costs for students in the \$0-\$30,000 and \$30,001-\$48,000 income bands.

To estimate the costs of the program the model used high school graduation projections from the Western Interstate Commission for Higher Education (2013). Our model assumes that 60% of high school graduates will matriculate to a two- or four-year institution within the state. Sixty percent was chosen because it is approximately the national average and it corresponds with the Lumina Foundation's completion goal. We then estimated the total number of students under 200% of the poverty line using the U.S. Census Bureau's 200%, three-year, poverty estimates for children under 18. Finally, to distribute students across sector we utilized estimates from the National Center for Higher Education Management Systems (NCHEMS) done for the Lumina Foundation to help them identify what states must do to reach the 60% completion goal. Based on these estimates we assumed 45% of students would enroll in the two-year sector or below and 55% would enroll in the four-year sector.

To calculate the affordability threshold the model uses the Income Based Repayment (IBR) Formula utilized by the federal government. This formula is as follows:

*IBR Payment = 0.15 \* (Discretionary Income) where Discretionary Income= Income - 150% of Poverty*

To estimate an affordability threshold this model uses 150% of poverty for a family of three which is \$27,000 according to the most recent numbers from the U.S. Census Bureau. Additionally, since we do not have individual income data the model uses the State Median Income based on level of education from the American Communities Survey for income:

*State Affordability Threshold = 0.15 (State Median Income – \$27,000)*

To determine how close states are to the affordability threshold, the calculated IBR payment was utilized to determine the reasonable size of a 10-year loan at that payment rate. This figure was then compared to an estimate of how much students were likely to take out in loans based on the net price, if they covered the remaining net price through loans and it took them five years to graduate from a four-year institution and three years to graduate from a two-year institution.

### **Unexplored consequences**

It is important to note that the model and framework discussion presented here is a starting point for a deeper conversation about how a model like this may work to help reduce costs and encourage better completion. There are a number of assumptions built into the model that could be improved and there are a number of complex issues that should be examined in greater detail. These issues include:

- Fully considering institutional incentives and responses: We need to examine how this model may impact institution's admissions and financial aid decisions if implemented and ensure the program builds in the proper infrastructure to encourage institutional responses that support access and increased affordability.
- Impact of living cost variations: The model currently employs IPEDS cost of attendance figures primarily because those same figures are also utilized to define a family's expected contribution to college. We do, however, note that these costs are not consistent across institutions; in fact, it is not uncommon to see institutions within the same metropolitan area have significantly different costs. Institutions use many different models and motivations to set these costs and the full implication they have on net-price should be considered.
- Impact of assumptions in the model: Many of the assumptions made in this model are unlikely to hold with program implementation. More testing should be done on these assumptions before a model is fully formed.
- Impact on students in upper quintiles: Finally, we want to ensure we fully consider the implications of this policy on affordability for all students including those in the higher income quintiles who will not necessarily benefit from a state match.

The model put forth in this paper provides a new way for us to consider a state/federal matching program that both controls costs and directs resources to the students that need additional aid the most while also focusing on improving completion. The model continues to need rigorous testing and development but we believe that it offers a new way for us to look at how the federal government, states, institutions and students all work together to improve postsecondary attainment in this nation.

# Appendix C: Exploring State Financial Aid Menu

## STATE FINANCIAL AID MENU (4% INCREASE, 9% DIFFERENCE)

"Build Your Financial Aid Award"

### MAIN COURSE

"Base Award Amount"

### ADD AN ITEM

"Student Performance Incentives"

#### Initial Award (First Year)

Institution Type	Expected Family Contribution (EFC)															
	\$0	\$1 to \$500	\$501 to \$1,000	\$1,001 to \$1,500	\$1,501 to \$2,000	\$2,001 to \$2,500	\$2,501 to \$3,000	\$3,001 to \$3,500	\$3,501 to \$4,000	\$4,001 to \$4,500	\$4,501 to \$5,000	\$5,001 to \$5,500	\$5,501 to \$6,000	\$6,001 to \$6,500	\$6,501 to \$7,000	\$7,001 to \$7,500
Private	\$7,400	\$6,900	\$6,300	\$5,800	\$5,200	\$4,700	\$4,000	\$3,500	\$2,900	\$2,400	\$1,900	\$1,200	\$700	\$0	\$0	\$0
Public	\$3,700	\$3,200	\$2,600	\$2,100	\$1,500	\$900	\$0	\$0	\$0	\$0	\$0	Not Eligible for State Aid	\$0	\$0	\$0	\$0
Proprietary or Ivy Tech	\$3,100	\$2,500	\$2,000	\$1,300	\$800	\$0	\$0	\$0	\$0	\$0	\$0	Not Eligible for State Aid	\$0	\$0	\$0	\$0

Available Student Performance Incentives: Academic Honors; Associate Degree  
Full-Time is defined as enrolling in 12 or more credit hours per semester.

#### Renewal Award (Second-Fourth Year)

Institution Type	Expected Family Contribution (EFC)															
	\$0	\$1 to \$500	\$501 to \$1,000	\$1,001 to \$1,500	\$1,501 to \$2,000	\$2,001 to \$2,500	\$2,501 to \$3,000	\$3,001 to \$3,500	\$3,501 to \$4,000	\$4,001 to \$4,500	\$4,501 to \$5,000	\$5,001 to \$5,500	\$5,501 to \$6,000	\$6,001 to \$6,500	\$6,501 to \$7,000	\$7,001 to \$7,500
Private	\$7,400	\$6,900	\$6,300	\$5,800	\$5,200	\$4,700	\$4,000	\$3,500	\$2,900	\$2,400	\$1,900	\$1,200	\$700	\$0	\$0	\$0
Public	\$3,700	\$3,200	\$2,600	\$2,100	\$1,500	\$900	\$0	\$0	\$0	\$0	\$0	Not Eligible for State Aid	\$0	\$0	\$0	\$0
Proprietary or Ivy Tech	\$3,100	\$2,500	\$2,000	\$1,400	\$800	\$0	\$0	\$0	\$0	\$0	\$0	Not Eligible for State Aid	\$0	\$0	\$0	\$0

Available Student Performance Incentives: Academic Honors; Accelerated Schedule (Second, Third Years Only); Associate Degree

Full-time awards are based on the completion of at least 24/48/72 credit hours. On-time awards are based on the completion of at least 30/60/90 credit hours. For example, if a student completes 24 hours during his or her first year, the student's second year award would be renewed following the full-time schedule. If the student then completes 30 hours during his or her second year, the student's third year award would still be renewed following the full-time schedule (54 credit hours is less than the 60 required to receive an on-time award).

It's simple...

Base Award

+

Student Performance Incentive(s)

### DIVISION OF STUDENT FINANCIAL AID, INDIANA COMMISSION FOR HIGHER EDUCATION

W462 Indiana Government Center South • 402 West Washington Street • Indianapolis, IN 46204  
888-528-4719 • awards@che.in.gov

Total State Financial Aid Award





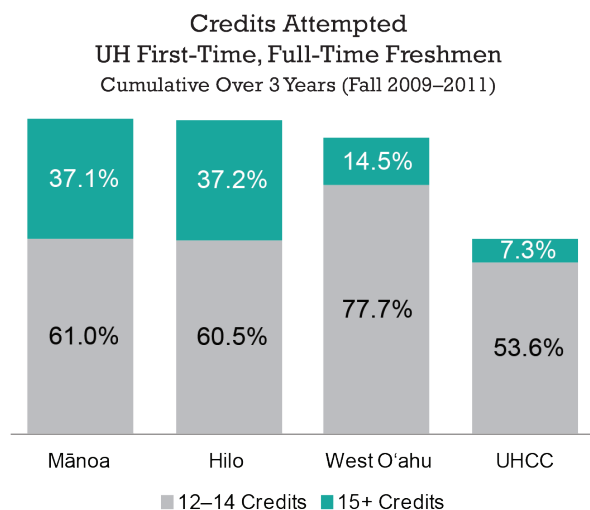
*15 to Finish* is a promotional campaign under the Hawai'i Graduation Initiative (HGI) that encourages University of Hawai'i students to take 15 credits per semester to graduate on-time (2 and 4 years). Part of this effort involves changing the long-standing perception that taking 12 credits per semester is enough. Most 2-year degrees require 60 credits and 4-year degrees require 120 credits. Therefore, a critical component of the *15 to Finish* message is getting students and their parents to understand that students must complete 15 credits per semester (or 30 credits per academic year) to graduate on-time.

### Data Findings

The genesis for *15 to Finish* came from an analysis of student data. The analysis helped to:

- 1 affirm that students can successfully take 15 credits per semester;
- 2 validate to advisors and faculty that first-time freshmen who enrolled in 15 credits generally performed better academically; and,
- 3 demonstrate to students and parents cost savings and other benefits when compared to students who enrolled in less than 15 credits.

**Key Data Finding #1:** The majority of first-time freshmen take 12–14 credits.



**Key Data Finding #2:** Students who took 15 or more credits tended to be better prepared (high school GPA/rank) and to have higher academic success. More importantly, within the same level of academic preparation, students who took 15 or more credits generally had higher academic success (GPA/course completion ratio).

For the full analysis of first-time freshmen taking <15 credits and ≥15 credits per semester by academic preparation, academic success, and demographics (gender, race/ethnicity) go to [www.15tofinish.com/resources.html#analysis](http://www.15tofinish.com/resources.html#analysis)

[www.15tofinish.com](http://www.15tofinish.com)

### The Campaign Objectives

- Promote on-time graduation (2 and 4 years)
- Change the norm to full-time = 15 credits, not 12

### Rationale

- Increase the likelihood of graduation (see Key Data Finding #3)
- Less opportunity cost (get a job, earn income sooner)
- Lower cost for students (pay less tuition overall for a college degree)
- Lower cost for UH in support services
- Lower cost to the state and taxpayers

The *15 to Finish* campaign was launched in 2012 as part of the Hawai'i Graduation Initiative.



The Hawai'i Graduation Initiative is dedicated to increasing the educational capital of the state.  
[www.hawaii.edu/hawaiigradinitiative/](http://www.hawaii.edu/hawaiigradinitiative/)

## Media Campaign



### PHASE I

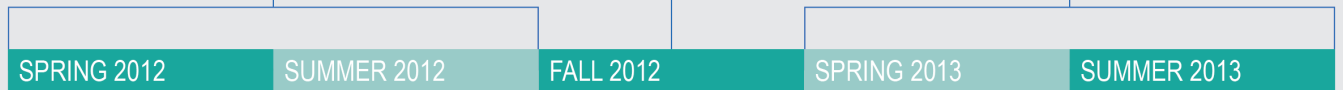
Target fall 2012 registration:  
TV and radio PSA spots  
(students, parents, general public)

### PHASE II

Target spring 2013 registration:  
Campus newspapers,  
student portal

### PHASE III

Target fall 2013 registration:  
Repeat Phase I efforts  
with updates



**Key Data Finding #3:** Students who complete 30 or more credits in their first academic year have a much higher graduation rate than students who complete less than 30 credits.

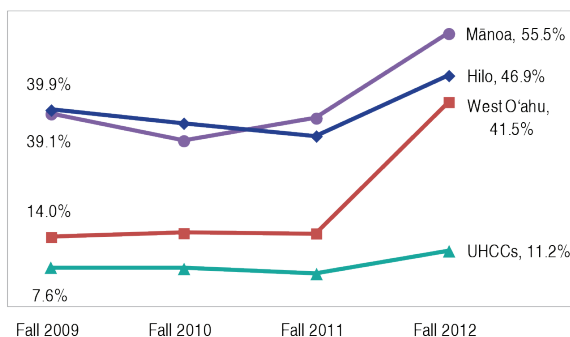
#### UH 2- and 4-Year Graduation Rates

	Freshmen Who Completed 30 or More Credits Within 1st Academic Year	Total Undergraduates
UH Mānoa	32.2%	17.8%
UH Hilo	18.6%	8.2%
UH West O'ahu	–	3.0%
UH Community Colleges	27.6%	1.9%

Notes: UH Mānoa, UH Hilo, and UH West O'ahu four-year graduation rates based on fall 2007 cohorts. UH Community Colleges two-year graduation rates based on fall 2009 cohort. UH West O'ahu established its first freshman class in fall 2007.

## Campaign Results, Fall 2012

### 15 or More Credits Attempted UH First-Time Freshmen



## Survey of UH Freshmen Enrolled in 12–14 Credits

### Top 4 reasons for not taking 15 or more credits:

- Not their intention to take 15 or more credits (27%)
- Personal schedule doesn't allow (25%)
- Desired courses not available (not offered, time conflict, closed, etc.) (15%)
- Cost/financial resources (13%)

Note: Based on fall 2012 freshmen responses; n=648.

## Next Steps

### Institutionalize "15" as the new norm:

- Conduct further data analysis (e.g., track outcomes for students taking 15 or more credits)
- Eliminate potential barriers identified by students who enrolled in 12–14 credits
- Revisit UH policy on institutional aid
- Update and continue campaign

Data provided by UH System Office of the Executive Vice President for Academic Affairs/Provost and Institutional Research and Analysis Office

For more information:  
Office of the Executive Vice President for Academic Affairs/Provost  
(808) 956-7487  
evpaa@hawaii.edu



UNIVERSITY  
of HAWAII  
SYSTEM

January 2013



UNIVERSITY of HAWAII  
SYSTEM



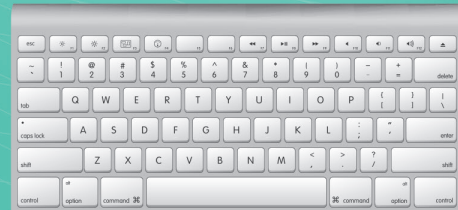
**GET ON BOARD  
AND TAKE  
15 TO FINISH**



FOR MORE INFORMATION GO TO  
[WWW.15TOFINISH.COM](http://WWW.15TOFINISH.COM)



**THE KEYS TO  
SUCCESS  
ARE AT YOUR  
FINGERTIPS**

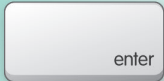


**15 to  
FINISH™**  
GRADUATE ON TIME AND GET AHEAD

## TAKE

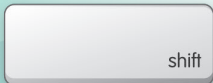
# 15 CREDITS PER SEMESTER

## TO FINISH COLLEGE ON TIME



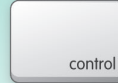
Most students **enter** college thinking they'll graduate on time. Unfortunately, it doesn't happen very often. In Hawai'i, on average, full-time students take 5.8 years to earn a 4-year degree and 5.6 years to earn a 2-year degree.

This means more time and more money. For example, at UH Mānoa, UH Hilo, and UH West O'ahu, you can save as much as \$12,000 on a bachelor's degree if you take 15 credits per semester and graduate on time. Besides costing more in tuition and fees, not finishing on time also costs you more in housing and living expenses, not to mention lost income!

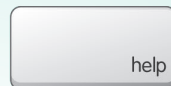


**Shift** the odds in your favor by taking 15 credits per semester.

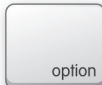
Students who earn 15 credits are more likely to finish college on time, earn better grades, and have higher completion rates. On average, residents in Hawai'i with a bachelor's degree earned nearly \$20,000 more per year, and those with an associate's degree earned \$10,000 more per year, than residents who did not earn a college degree. It pays to earn your degree, and earning it faster means you'll make more money over the span of your career!



Take **control!** You determine how long it will take you to graduate. The first step is to register for 15 credits each semester and take English and Math courses in your first year of college. Students who take 15 credits per semester and complete English and Math courses early are more likely to graduate on time.



The next step is to be proactive and ask for **help**. Meet with your academic advisor, who will help you map out a plan to finish on time. Know which courses you need to take to graduate. If you can't take 15 credits a semester, then take summer classes to stay on track.



By earning 15 credits per semester, you'll not only graduate on time, you'll also have more **options**. You could enter the workforce, start your career, and start earning money sooner. You could pursue a graduate degree. You could even take time off to travel or do some volunteer work. The options are limitless if you finish on time!



## TAKE CONTROL!

You determine how long it will take you to graduate.



**15 to FINISH™** GRADUATE ON TIME AND GET AHEAD





# SHEEO

3035 Center Green Drive • Suite 100  
Boulder, Colorado 80301-2205  
303.541.1600 • FAX 303.541.1639  
[sheeo@sheeo.org](mailto:sheeo@sheeo.org)

---

STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

[www.sheeo.org](http://www.sheeo.org)