MISSISSIPPI OFFICE of STUDENT FINANCIAL AID

State Aid Study Committee

Meeting Three

November 26, 2018

Study Committee Purpose

- Tipping point
- Many SFA programs, few funded
- Programs lack strategic purpose
- Program effectiveness questionable
- Programs should support state higher ed goal

ECS Redesign Principles

Principle 1: Student Centered

- Target aid to students who can benefit the most

Principle 2: Goal-Driven, Data Informed

- Define purpose; align purpose with state education/workforce goals
- Measure and monitor the programs

Principle 3: Timely and Flexible

- Provide aid when it can have the most impact on enrollment and persistence
- Consider summer awards

Principle 4: Broadly Inclusive

- Make aid available to diverse populations with diverse enrollment needs

Types of State Aid

GRANTS

- Don't have to be repaid
- Designed to increase access by improving affordability, reward merit, or offset cost for residents
- Undergraduate only
- HELP, MTAG, MESG

FORGIVABLE LOANS

- Must be repaid with service or monetary payments
- Designed to entice students into specific programs of study and/or workforce fields
- Undergraduate and graduate
- Education, Healthcare, Other

* See handout with summary of programs, descriptions, award amounts, and other details.

Disparities by Design

14% of MS students receive state aid (23,400 of 169,500)

- Grants require continuous, full-time enrollment
  - Focus on “traditional” students - 97% of recipients <24
  - Excludes adult, non-traditional students
- ALL grants have merit requirements
  - Approach excludes underrepresented and marginalized students
  - 18% of recipients AGI <$30,000; 50% of recipients AGI >$75,000
  - 75% of recipients Caucasian; 20% of recipients African-American
  - 34% of recipients and 15% of dollars go to community colleges
  - 66% of MESG recipients at UM/MSU; 18% at USM/MC; 16% at 26 other institutions

Lifetracks Data on Grants

- HELP –
  - 75.4% 6-yr grad rate vs. 67.3% for non-recipients
- MTAG –
  - 69.5% 6-yr grad rate vs. 58.2% for non-recipients
- MESG –
  - 86.2% 6-yr grad rate vs. 70.1% for non-recipients
  - MESG does NOT impact in-state enrollment of high-achieving students

Lifetracks Data on Loans

- William Winter Teacher –
  - 81% of recipients complete service
  - 73.2% of service completers retained after five years
- Nursing Education (Undergraduate) –
  - 81.9% of recipients complete service
  - 79.2% of service completers retained after five years
- Nursing Education (Graduate) –
  - 91.2% of recipients complete service
  - 94.7% of service completers retained after three years

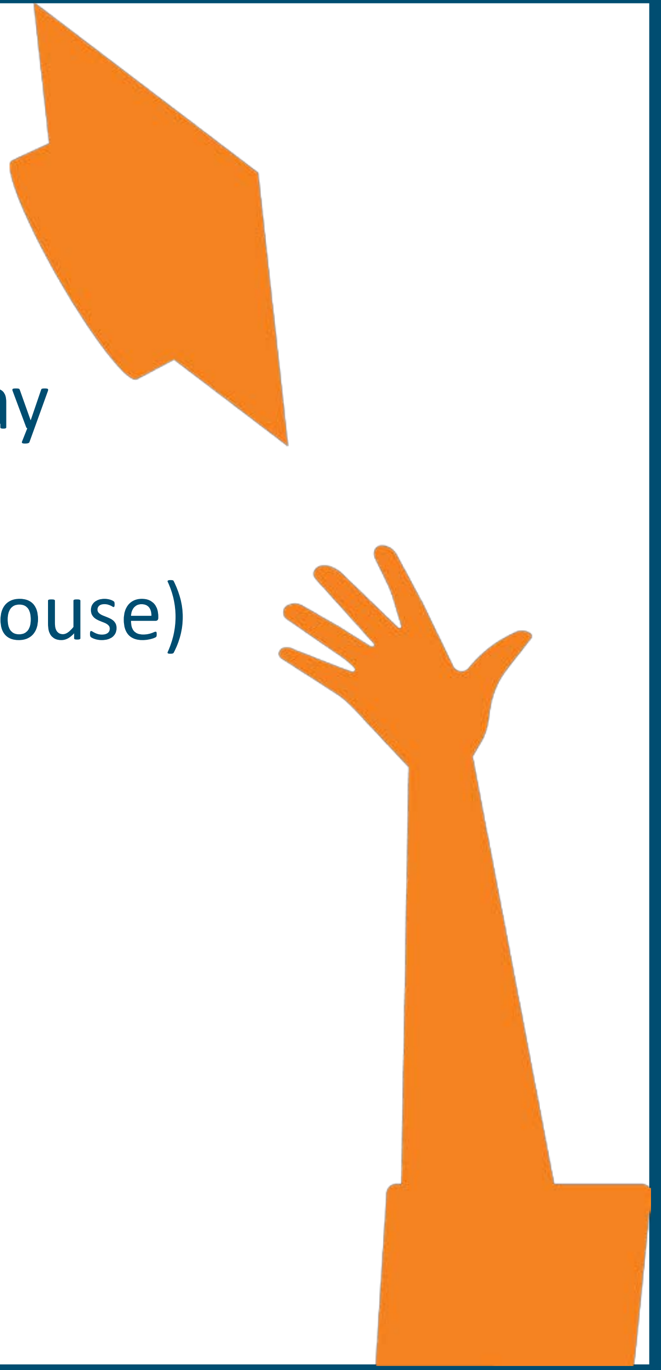
* See Resource List for 2017 Annual Report of State-Supported Student Financial Aid

Loans for Workforce Shortages

- Nursing Workforce Shortage:
  - State and nation face shortage of nurses
  - Interest high, as evidenced by enrollment and applications
  - Shortage of nurse educators limits program expansion
- Teacher Workforce Shortage:
  - 1,063 teacher vacancies
  - Shortage of high-quality teachers
  - MS Excellence in Teaching Program combats perceptions
  - Consider aligning state TES with METP to expand METP

Loan Repayment Alternative

- Awards money after degree completion to repay federal or private student loans
- Light admin burden (no contracts; manage in-house)
- No student penalties or risks
- Employers can use to recruit



Feedback from Directors

- Sectors serve different populations with different needs
- Financial Aid Administrators universally support:
  - Require the FAFSA for all applicants
  - Expand assistance for middle-income ($3K – $9K EFC)
  - Single grant program with scaled awards
  - Aid for part-time students
  - Early funding commitment for institutions to package earlier

Nursing Update

Dr. Janette McCrory

State Aid in Other States

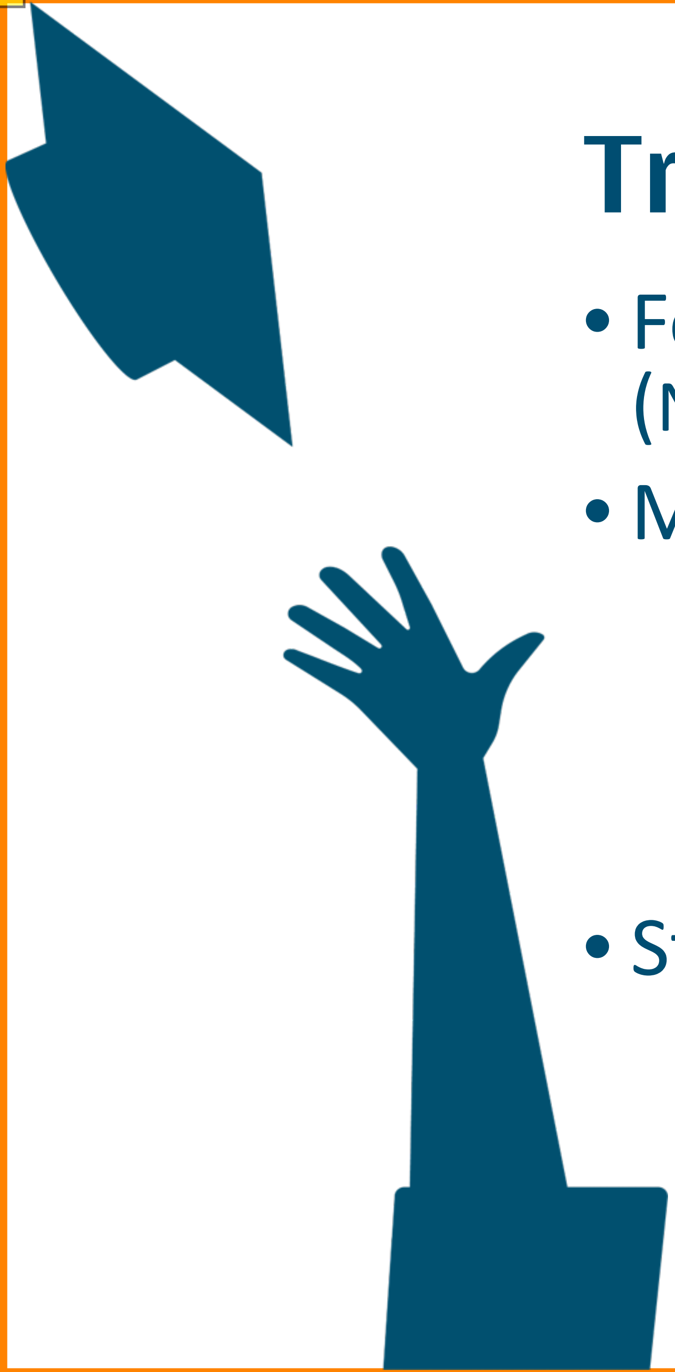
Innovations and Trends

* See Resource List for NASSGAP Annual Survey.

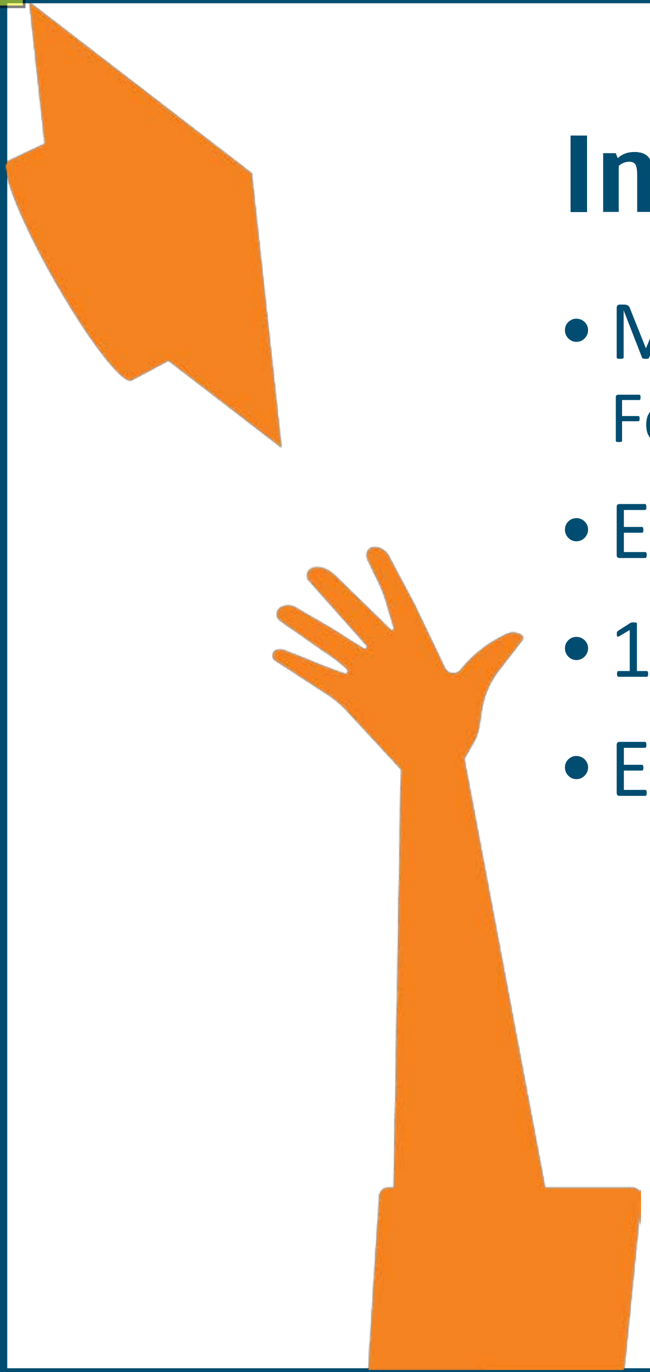
Trends

- Free College/Promise Programs (TN: Tennessee Promise; NY: Excelsior Scholarship; OR; NJ)
  - Debate over value and design (last dollar vs. simple message)
- Adult Promise Programs (TN: Tennessee Reconnect; IN, ME, MN, OK, & WA: SHEEO Pilot Programs; MS: Complete 2 Compete)
  - Promote simple, transparent message
  - Financial commitment – fill in gaps cover tuition/fees
  - Support programs and services

Trends (cont.)



- Forgivable Loan to Loan Repayment Conversion (NM, IA)
- Match and Partnership Programs
  - Institutional Match (IL: Aim Higher)
  - Federal Benefits Match (CA, MI: TANF and WIOA)
  - Business/Industry Match with Paid Internships (TX: Texas Works)
- State aid redesign
  - Moving away from merit programs (MO, NV)
  - Focus on COA rather than tuition (MO, WA)
  - Implement pilot programs (MA, NJ)

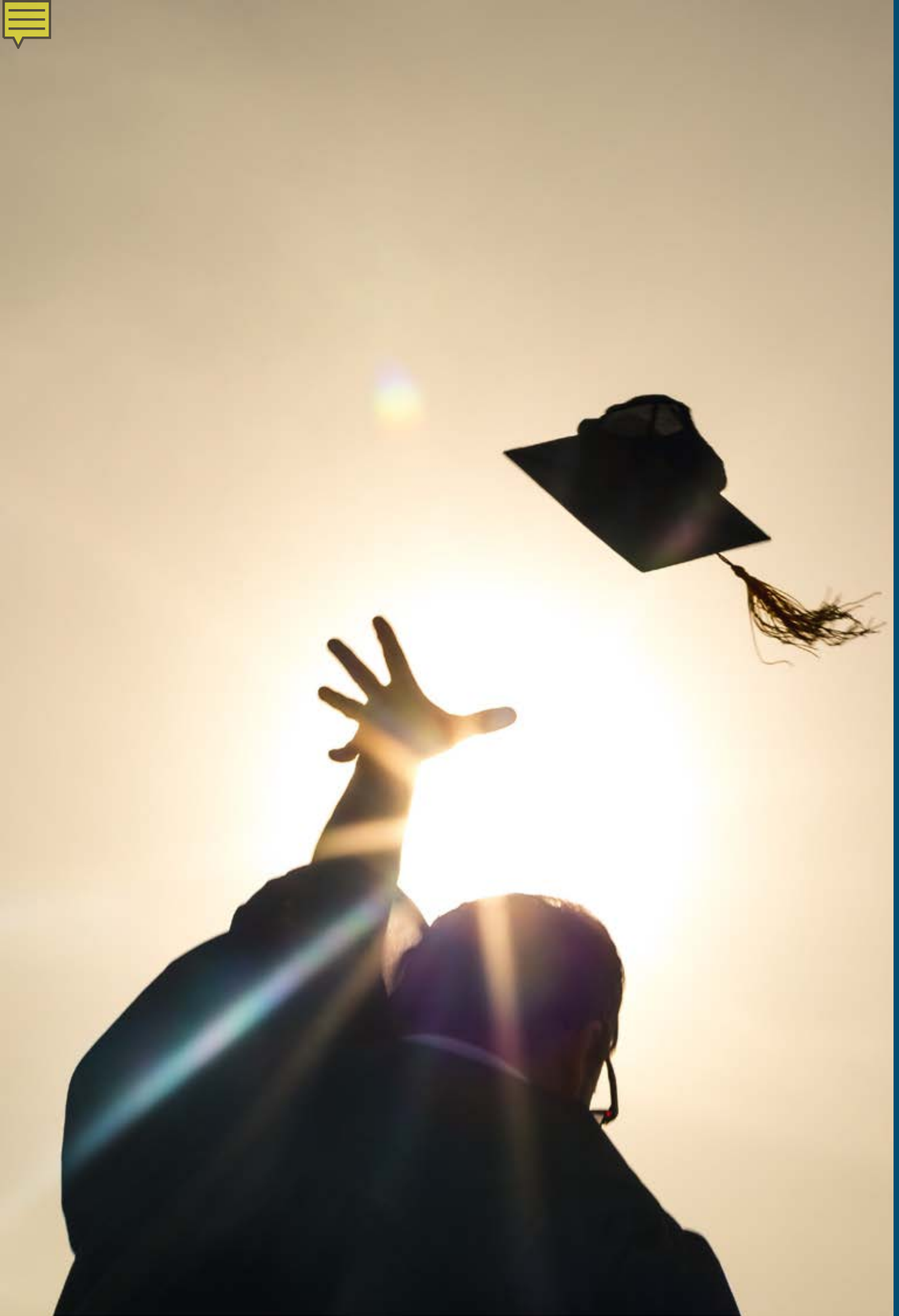


Innovative Programs

- Make loan payments for new grads (NY: Get On Your Feet)
- Early notifications & awards (CA)
- 10% rebate on tuition for transfers (MA)
- Emergency aid (MN)

SFA Recommendations

- Strategic redesign
- Use human resources
- Simplify
  - One grant
  - One loan repayment
- Require the FAFSA
- Use pilot programs to test new ideas
- Prioritize need-based aid



The Case for Need-Based Aid

- Supported by research
- Other states recognize importance
  - NASSGAP 2017 Annual Survey Report
- Promotes affordability
  - ECS Presentation: low tuition ≠ affordable
  - SREB “2017 College Affordability Profile”
  - Demos “Unaffordable Era”
- Decreases the need for loans
  - Wallet Hub Study
- Greatest ROI
  - Federal Reserve Bank of Minneapolis “Optimal Need-Based Financial Aid”
- Woodward-Hines Get 2 College testimonials