



Need-Based State Financial Aid in Nevada

Introduction

My name is Sarah Pingel and I am a Senior Policy Analyst with the Education Commission of the States, an organization that exists to serve you- the people behind the policy. We believe in the power of learning from experience. Everyday, we provide non-partisan research and analysis because we believe that better informed policymakers create better education policy. We do this in four main ways: providing research, publishing reports, providing one-on-one counsel, and by convening state education policy leaders on a regular basis.

Today I am pleased to join you to discuss options for a need-based state financial aid program in Nevada. First, I'll give short background on how states generally deploy aid programs, we'll talk through four principles of state financial aid policy design, and finally, I'll conclude with three different models states have used to integrate need criteria into existing state aid policy frameworks. First, I want to begin with three key takeaways from the information I will present:

- 1) States make significant financial and policy investments in financial aid.
- 2) Most state investments in aid are based on at least one need-based eligibility criterion.
- 3) States have options when it comes to considering financial need.

I'll now go into more detail on each of these items, and look forward to responding to any questions you may have.

State Financial Aid 101

Collectively, states invest over \$12 billion in state financial aid programs, which provide support for over 4.5 million students in their postsecondary journeys. State financial aid programs also attract significant legislative attention, with over 440 measures being considered in the 2017-2018 state legislative sessions in 48 states. While the volume of legislation is high, few bills related to state aid make it through committee or to a governor's desk. In fact, 303 of the bills that Education Commission of the States is currently monitoring are in introduced status- only 30 have been enacted.

To support state policymakers in creating financial aid policies, Education Commission of the States convened thought leaders in aid policy to develop four guiding principles for state financial aid programs. I'll discuss each of these principles in more detail.

Four Principles of State Financial Aid Redesign

Principle 1: Financial aid programs should be student centered.

Aid programs designed around students and their needs set students up for successful outcomes.

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State financial aid is a benefit to students first, and is not purely a conduit for institutional support. Student-centered financial aid programs define students as the primary beneficiaries of aid programs, and, in the process, utilize dollars to support student access and success.

Placing students at the center of financial aid policy development requires that states review how students access the benefits of state aid programs. This has specific implications for how funding flows from the state to institutions, as well as student application and awarding processes.

Principle 2: Financial aid programs should be goal driven and data informed.

Aid programs should have a clearly defined and easily understood intent aligned with measurable state education and workforce goals.

Goal setting and effective use of data to monitor progress toward stated goals is an integral principle of state financial aid reform. Goals for state financial aid programs are intended to inform the direction of statewide aid policy development, adoption and change. A clear state goal creates common ground and presents an opportunity for state leaders to set the stage for institutional and student actions.

Setting a goal for what state aid programs are meant to achieve – whether that is enhancing access to higher education, promoting affordability, or incenting completion – must inform program design. Equally important to setting a goal for state financial aid programs is setting up the data reporting and capability to monitor progress towards these goals.

Principle 3: Financial aid programs should be timely and flexible.

Aid programs should provide financial support to students when it can have the greatest impact on enrollment and persistence decisions.

Many states employ explicit time structures and deadlines to project budgetary needs and streamline administration. However, structuring programs around the passage of time has consequences such as limiting the program's reach into nontraditional student populations and new postsecondary delivery models. Time currently dominates the eligibility equation for state aid in several ways: the initial eligibility determination and subsequent awarding process, the duration of a state financial aid award and the required schedule for drawing down disbursements of state aid.

Principle 4: Financial aid programs should be broadly inclusive of all students' educational pathways.

Aid programs need to respond to the diverse enrollment options available to students.

Students enrolling in postsecondary education have a broad array of enrollment options available to them. Under current policy, state aid generally privileges full-time enrollment in two- and four-year degree-seeking programs. Full-time enrollment in traditional programs works well for many students, but not for all. As the variety of educational delivery models and enrollment options available to students diversifies, aid programs should adapt to allow for students to select options best designed to meet their needs. Practical applications of this redesign principle may

include allowing aid programs to serve students enrolled in competency-based or prior learning-based programs and allowing students to mix full- and part-time enrollment as a strategy to persist to program completion.

We intend that these guiding principles for state financial aid policy development will assist you as you consider various options for creating a need-based aid program in the state of Nevada. For the balance of my presentation, I'll discuss three methods states have used to integrate need-based criteria to an existing state financial aid policy framework.

Need-Based State Financial Aid

While states use a diverse set of eligibility criteria within their financial aid programs, most state dollars are spent in programs that incorporate at least one merit criterion. In 2015, for example, 70 percent of state dollars spent on financial aid considered a student's financial need when making the award. From 2011 to 2015, 28 states increased their investment in programs that consider student financial need. Over this same time period, Nevada's investment in need-based aid decreased by 64 percent, the fourth largest decrease in the nation. This is due to reductions made in the Nevada Student Access Work Study program. In future years, new investments made in the need-based Silver State Opportunity Grant program may offset these reductions.

Each of the three methods for integrating need-based aid assume that a given state has an existing commitment to merit-based aid that they intend to preserve. The options I'll discuss- separate, stackable programs, hybrid programs, and tiered programs- allow states to build onto existing policy frameworks in ways that allow for the awarding of students with financial need.

Currently in Nevada, you operate two distinct programs: the merit-based Governor Guinn Millennium program and the new, need-based Silver State Opportunity Grant. In addition to having different student eligibility criteria, the programs are also directed towards separate postsecondary sectors.

Three Options for Integrating Need-Based Aid

Separate, Stackable Programs

In this model, students may qualify for need-based aid only, merit-based aid only, or both if they meet both the merit and need criteria. In Mississippi, for example, students can qualify for a need-based award through the Higher Education Legislative Plan (HELP) program if they have financial need but do not meet the academic merit criteria. For students who only meet merit criteria, they may qualify for one of two additional merit programs. However, up until the 2017 legislative session, if a student meets both the merit and the need criteria, they could access support through more than one program at the same time. The state recently rescinded their commitment to stacking in the 2017 legislative session as a cost-saving measure. Under the new policy, students can receive aid from only one program at a time, and they will receive aid from the program that would have given them the largest financial award.

Hybrid Program

In a hybrid program structure, students must meet both merit and need criteria in order to qualify for any program support. In Oklahoma, for example, students must meet financial need criteria in middle or high school to qualify for an award through their PROMISE program. Then, in high school, students must meet merit benchmarks to continue their eligibility for aid once they enter postsecondary education. If a student no longer has financial need or fails to meet the merit criteria, they are no longer eligible to receive PROMISE support.

Tiered Program

Finally, a third option for integrating need criteria to a state's existing policy framework is through tiered awarding. Tiered awarding is similar to separate, stackable programs, however, the state only operates one program that has variable award amounts based on student characteristics. Within a tiered program, a student must meet a minimum threshold for program participation- be it defined as merit or need criteria- but can then qualify for increases in aid for meeting additional eligibility criteria. Utah uses such a structure within their Regents Scholarship program. To qualify for the Regents program, students must meet merit criteria to receive a \$1,000 base award. However, if the student also has financial need, or has participated in the state's college savings plan, they can qualify for additional Regents scholarship dollars.

Final Thoughts

Again, I'd like to reiterate the key takeaways from my presentation:

- 1) States make significant financial and policy investments in financial aid.
We saw that states invest over \$12 billion in aid programs to serve 4.5 million students each year, and over 300 pieces of legislation pertaining to state aid are currently pending in state houses.
- 2) Most state investments in aid are based on at least one need-based eligibility criterion.
In 2015, 64 percent of state dollars invested in aid programs were awarded based on at least one merit criterion.
- 3) States have options when it comes to considering financial need.
Whether it be through separate, stackable programs, hybrid programs, or tiered programs, states with existing commitments to merit-based aid can still integrate a focus on need.

Thank you to Assemblywoman Joiner for the invitation to present today, and to the committee for your attention. I look forward to addressing any questions you may have.