

Reimagining Aid Design and Delivery (RADD)

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Goals of the Gates Foundation

- (1) to shift the national conversation on federal financial aid toward ideas that will make college more affordable, while giving students the support and encouragement they need to earn their degree or credential;
- (2) to seed the field with innovative policies that can make that happen

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RADD Grantees

- Alliance for Excellent Education (AEE)
- America's Promise Alliance (APA)
- Association of Public & Land-Grant Universities (APLU)
- Center for Law & Social Policy (CLASP)
- Committee for Economic Development (CED)
- Excelencia in Education (EE)
- HCM Strategists (HCM)
- Institute for Higher Education Policy (IHEP)

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RADD Grantees

- **National Association of Student Financial Aid Administrators (NASFAA)**
- National College Access Network (NCAN)
- National Urban League (HUL)
- New America Foundation (NAF)
- The Education Trust (ET)
- The Institute for College Access & Success (TICAS)
- US Chamber of Commerce's Institute for a Competitive Workforce (CoC)
- Young Invincibles (YI)

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Themes from RADD Reports

- Loan programs
- Loan repayment/debt
- Pell Grant
- Consumer information
- Simplification
- Tax-benefit reform
- Institutional accountability

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Next Steps – RADD II

- Four focus areas
 - Grants and work-study
 - Student loans
 - Tax benefits
 - Simplification and transparency
- Consortia structure

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NASFAA RADD - Scope

- Policy considerations, not proposals
- Broad ideas to stimulate discussion and debate
- Goal: to advance key policy issues
- Policy considerations will require research, exploration, and/or demonstration projects to determine viability

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NASFAA RADD - Process

- Develop initial set of broad policy goals and principles
- Convened group of policy advisors, including researchers and economists, to get feedback and input
- Fine-tuned the policy considerations
- Convened discussion group of 13 NASFAA members and 2 advisors to discuss policy considerations
- Solicited feedback from NASFAA members nationwide

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NASFAA RADD Policy Considerations

- Focuses on four Policy Areas:
 - Examining the Value of Institutional and Student “Skin in the Game”
 - Reforming Student Loans
 - Streamlining and Improving Consumer Information
 - Rethinking Entitlement Aid and Professional Judgment

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NASFAA RADD Policy Considerations

- Specific discussion items:
 - Super Pell
 - Campus-based aid and graduation rates
 - Student loan eligibility index
 - Automatic income-based repayment (IBR)
 - Pell Promise
 - Pell Well
 - Provide predictive wage information
 - School authority to limit loans for groups of students

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Super Pell

- Pell is currently pro-rated for less than full time enrollment, but not greater than full-time enrollment (12 credits)
- To complete a four-year degree in 4 years, students generally need to complete 15 credits per semester
- By allowing additional Pell funds for students enrolled in greater than 12 credits, there is an incentive to enroll in credits necessary to finish a degree on schedule

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Campus-Based Aid

- A portion of campus-based aid funds would be awarded to institutions based on weighted graduation rate
- Provides an incentive for institutions to continuously work to improve
- Different benchmarks based on student population

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Loan Eligibility Index

- It is unwise and socially unjust to put students who are unprepared for college into loan debt
- Create an index or sliding scale to measure a student's initial eligibility for student loans
- Using quantifiable metrics, some students could borrow right away, some students would initially be ineligible
- Starting point to determine appropriate metrics: NCAA student-athlete eligibility index

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Automatic IBR

- Students are not participating in income-based repayment (IBR) at optimal rates, leading to increased default rates
- IBR is currently optional, and students must take proactive and cumbersome steps to enroll
- Make IBR automatic, with the option to opt out

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Pell Promise

- Teach 9th graders about the Pell program
- Notify them of the funding they might be eligible for in the future
- Guarantee this amount contingent on successful completion of high school
- Provides a *commitment of funding*, which could have a behavioral impact by introducing a level of certainty for low-income families

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Pell Well

- Current Pell system built around the traditional fall/spring academic calendar is outdated
- Make a “well” of funds available to the student throughout the course of undergraduate study
- Increases both predictability and flexibility

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Pell Distribution – Current Rules

Semester	Pell Grant Eligibility	Notes	Total Pell Distributed to Date
Fall 2012	\$2,775	1 st payment from 2012-13 scheduled award	\$2,775
Spring 2013	\$2,775	2 nd payment from 2012-13 award; 2012-13 award exhausted	\$5,550
Summer 2013	\$0	No remaining 2012-13 eligibility	\$5,550
Fall 2013	\$2,775	1 st payment from 2013-14 scheduled award	\$8,325
Spring 2014	\$2,775	2 nd payment from 2013-14 award	\$11,100
Summer 2014	\$0	No remaining 2013-14 eligibility	\$11,100

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Pell Distribution – Pell Well

Semester	Pell Grant Eligibility	Notes	Total Pell Distributed to Date
Fall 2012	\$2,775	Pell payments would not be tied to an award year as they currently are	\$2,775
Spring 2013	\$2,775		\$5,550
Summer 2013	\$2,775		\$8,325
Fall 2013	\$2,775		\$11,100
Spring 2014	\$2,775	School is able to make a full-time Pell payment and student finishes program and graduates	\$13,875
Summer 2014	\$2,775	Not enrolled	\$13,875

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School Authority to Limit Loans

- Provide financial aid administrators the authority to limit loan amounts for groups of students
- Could limit loans for:
 - All borrowers
 - Students in a specific degree program
 - Students in a specific enrollment status
 - Students with a specific period of enrollment
- Can use professional judgment to allow specific students to borrow up to full federal limits

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School Authority to Limit Loans

- Examples:

Category: Borrowing Not on Pace

Additional Step: In the instances of the non-exhaustive examples below of a borrower not being “on pace,” an aid administrator could require additional counseling* before allowing a student to borrow at all or borrow up to the full federal loan limits.

Examples:

- A student seeks to borrow more than the equivalent of their enrollment status (e.g. a half-time student wants to borrow up to full annual loan limit)
- A student enrolled for less than an academic year (but not in a final period of enrollment) wants to borrow a full annual loan limit for that shorter period of enrollment
- A transfer student enters the institution with low credit hours in comparison to the amount they have borrowed

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School Authority to Limit Loans

- Examples:

Category: High Default or Default on the Rise

Additional Step: In the instances of non-exhaustive examples below related to high and growing default rates, an aid administrator could require borrowers to go through additional loan counseling* before allowing a student to borrow at all or borrow up to the full federal loan limits.

Examples:

- The school has a default rate of x percent or more
- The school has seen their default rate increase by “ x ” percent or more in “ y ” period of time

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School Authority to Limit Loans

- Examples:

Category: High Default/Academic Program Ratio

Additional Step: In the instance of the scenario below related to relationship between program and default rate, an aid administrator could limit a student enrolled in that program from borrowing at all or borrowing up to the full federal loan limits.

Example:

- The student is participating in a program that the school has identified as having “x” percentage of defaulters

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Common Themes from RADD Grantees

- One loan program (eliminate Perkins, PLUS)- HCM, TICAS, NAF, CoC, YI
- Eliminate interest subsidy -AEE, HCM, NCAN, NAF
- Income-based repayment - HCM, CED, ET, TICAS, IHEP, NASFAA, NCAN, NAF, YI

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Common Themes from RADD Grantees

- Make Pell an entitlement - IHEP, NAF, EE
- Reinstitute some version of year-round Pell - NCAN, NASFAA, NAF
- Increase Pell Grant amounts - HCM, NASFAA, TICAS, IHEP, YI

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Common Themes from RADD Grantees

- Standardized award letters - YI, NCAN, NAF
- Eliminate FAFSA and apply via tax return - CED, EE, NAF
- Reduce need analysis to AGI and family size - HCM, AEE, TICAS
- Simplify tax credits into one credit - YI, HCM, AEE, APLU, CLASP, ET

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Common Themes from RADD Grantees

- Tie institutional eligibility into retention/graduation rates - APA, AEE, ET, NCAN, NAF, CoC
- Reduce aid to schools with high default rates - APLU, HCM, TICAS

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Resources

NASFAA: Reimagining Financial Aid to Improve Student Access and Outcomes

www.nasfaa.org/EntrancePDF.aspx?id=13287

NASFAA: Policy Theme Matrix:

www.nasfaa.org/EntrancePDF.aspx?id=13701

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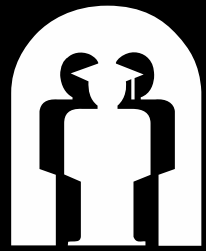


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