



Tab 19

Financial Aid Review Policy Framework Recommendations

Coordinating Board for Higher Education
June 7, 2018

BACKGROUND

The Coordinating Board's Coordinated Plan, *Preparing Missourians to Succeed: A Blueprint for Higher Education*, recognized the changing higher education landscape and the need to ensure the state's student financial aid programs are aligned with that reality as well as the goals identified in the plan. The goal on Affordability includes a strategy to "convene a new state student financial aid task force to make recommendations for making the system more balanced, responsive, and efficient in the use of state funds devoted to financial aid." In March, the board approved the staff plan to operationalize this strategy and directed staff to implement that plan. This agenda item is intended to provide information regarding the work of the task force and to transmit the task force report, completing the first phase of the plan.

CURRENT STATUS

The approved plan included three distinct phases. Phase One provides for the establishment of a task force charged with the development of recommendations that will serve as a broad policy framework for the department's portfolio of state student assistance programs. The policy framework is intended, in part, to guide a comprehensive review of the existing programs administered by the MDHE, which will be conducted during Phase Two of the project. Phase Three encompasses the implementation of recommended changes, either through regulatory revisions or statutory changes.

Phase One of this initiative began in March with the appointment of the task force membership. The task force has held three formal meetings and staff have remained in contact with the task force membership between meetings to solicit input on the issues under consideration as well as comments and suggestions as ideas and proposals emerged. A wrap up meeting by conference call is scheduled for June 4.

Task Force Report Summary

Vision Statement

In order to provide a guiding vision statement both for the work of the task force and as a component of the final policy framework, the task force developed a definition of a "more balanced, responsive, and efficient" student aid system. After much discussion and comment, the task force recommends the following vision statement for that system.

Missouri's state student aid system must be balanced, responsive, and efficient through competitively funded programs that are:

- *Transparent in operation;*
- *Student centered;*
- *Serve eligible students where they are;*
- *Provide for timely awards;*
- *Include broad criteria that prioritize student needs; and*
- *Are positioned to achieve Missouri's postsecondary education and workforce development goals.*

Purpose Statement

The task force also reviewed and recommends the following purpose statement for the state funded student assistance programs administered by the MDHE. This purpose statement is designed to provide additional

clarity in the overall direction of the student aid portfolio and help guide policymakers and program administrators in addressing the needs of postsecondary students and the state.

The purpose of Missouri's student financial assistance programs is to assist Missouri students in reaching their postsecondary education objectives by reducing financial barriers to enrollment and completion and encouraging student to achieve academically at their greatest potential in order for Missouri to prosper through an educated citizenry and a skilled workforce.

Policy Recommendations

In addition to establishing a vision and purpose statement for the student financial aid programs administered by the MDHE, the task force developed for board consideration and approval a set of 12 policy statements. These policy statements provide direction and guidance on specific topics contained in the task force charge as well as issues central to the objective of ensuring Missouri's portfolio of student financial assistance programs are relevant and goal oriented. Although the full policy report is attached, it is important to highlight several of the most crucial recommendations from the report

One of the perennial issues relating to state student aid and one that often generates considerable confusion and controversy is the attempt to establish the appropriate balance between need and merit-based programs. As anticipated, this issue was among the most controversial and the most difficult to resolve. While the task force members agreed Missouri struggles to improve participation in postsecondary education of underserved populations, concern was expressed by some that too strong of an emphasis on financial need could undervalue the contribution of merit-based programs to persistence and completion. Alternatively, some task force members took the position that taxpayer funded programs should be targeted toward students facing financial barriers to access and success in postsecondary education. In the end, the task force agreed on a policy statement that establishes support for need-based programs as a priority. This approach seeks to balance the value of merit based programs with the recognition that if we are to develop the educated citizenry and workforce needed to move this state forward, we must reduce financial barriers for students and families that face these challenges.

Several of the policy recommendations contained in the report reflect a realization that the student population of today and tomorrow is substantially different than it was when most of our current programs were designed and implemented. In some institutions and sectors, the majority of students now attend part-time while our aid programs continue to limit eligibility to students attending full-time. Data indicate nearly a quarter of the postsecondary headcount enrollment are above the age of 24, while only 10 percent of the recipients of our aid programs are in that age category. The percent of financial aid recipients identified as members of several racial and ethnic minority groups is consistently below their participation in postsecondary education. In order to address these disparities and better serve these populations, the task force report includes recommendations that the state's student aid programs become more responsive and flexible. Consequently, the report contains recommendations to reduce or remove barriers based on the age of the student, the student's attendance status, and the type of program the student chooses.

The task force also recognized the important role student financial assistance should play in addressing the needs of the state for an educated citizenry and a highly skilled workforce. If the state is to successfully address these needs, the task force believes it is critical that the department work together with our postsecondary education institutions, other student aid providers, and the business community. Several recommendations encourage these connections to ensure the greatest impact for state dollars allocated to student assistance and the greatest potential for success of the students receiving those dollars.

The task force identified the need to include student assistance in an effort to promote greater awareness of postsecondary education opportunities. This recommendation encourages the development of a comprehensive marketing program that incorporates information about state student assistance programs with information about financial literacy, reducing student debt and readiness for postsecondary education. As

referenced in the previous paragraph, the task force believes this effort will be most effective if it engages the full range of partners.

Finally, although there is not a specific recommendation regarding the funding of state student assistance programs, this summary would not be complete if it did not reflect the task force's discussion of the importance of adequate funding of the student aid programs. Although the funding of student aid programs has been increasing in recent years, those investments have not kept pace with what is needed to ensure all programs can achieve the desired outcomes. In addition, as the department and Coordinating Board consider the changes envisioned by this policy document, additional investment will likely be necessary to ensure those changes have the desired impact.

Staff Analysis

Over the life of Missouri's operation of state level student financial assistance programs, which began during the 1970s, an overarching vision and policy framework for the development and operation of the programs has never been developed. This effort was designed to establish that type of foundation for these programs, which distribute nearly \$120 million to approximately 70,000 Missouri students.

The attached document represents a broad and forward-looking foundation for our student aid system. In addition to providing a basis for current program operations, it also provides a vision for how change should occur within our student aid system if we are to ensure our programs are equipped to serve the students of today and tomorrow and assist the Coordinating Board and the state in achieving its important goals relating to postsecondary attainment and affordability.

NEXT STEPS

As referenced earlier, the primary work of the task force is reflected in the attached report. One additional meeting of the task force is scheduled in order for the task force to take final action on the policy report. Any changes that result from that process will be incorporated into the final document to be distributed before the board meeting. In addition, the task force will continue to be consulted during the operation of Phase Two to ensure that process maintains consistency with the policy guidelines adopted as part of this agenda item.

MDHE staff have begun work on Phase Two by establishing the working group that will review and make recommendations for possible revisions to the state student aid programs. Staff plan to begin meetings with this group in late June with the goal of bringing a set of recommendations to the Coordinating Board at its December meeting.

RECOMMENDATION

It is the staff recommendation that the Coordinating Board accept the policy framework developed by the Financial Aid Review Policy Task Force as the foundation for the operation and evaluation of the state's student financial assistance system as well as for the development of new programs within that system.

It is also recommended that the Coordinating Board commend the task force membership for its commitment to assisting the students of Missouri and for the work of developing this policy framework.

ATTACHMENT

- A. State Student Financial Aid Policy Task Force Charge
- B. State Student Financial Aid Policy Task Force Membership Roster
- C. State Student Financial Aid Policy Task Force Report