State Student Financial Aid Policy Task Force
May 29, 2018
10:00 a.m. – 3:00 p.m.
Truman Building Room 400
Meeting Notes

Members in attendance: Aimee Bristow, Alan Byrd, Brandon McCoy, Brian Crouse, Carlos Vargas, Dean Dohrman (by phone), Greg Gunderson, Greg Lapaso, Jeff Lashley, Jeff Pittman, Kim Cary, Melissa Findley, Meredith Naughton, Nick Prewett, Roger Drake, Vicki Schwinke

MDHE Staff in attendance: Leroy Wade, Kelli Reed, Amy Haller, Jeremy Kintzel

Welcome and Introductions
Leroy Wade called the meeting to order at 10:05 a.m. The members introduced themselves and the agenda and draft report were handed out and reviewed.

Review of Draft Policy Recommendations

The task force's role is to make a set of recommendations to the Coordinating Board for Higher Education. The decision making process was discussed. It was suggested that unanimity might be appropriate because everyone has had a chance to be heard. However, the task force determined that decisions will be made by majority rule with any dissention noted since everyone has had a chance to be heard. In addition to agreement among the task force members, there must be buy in across sectors because the system will serve all sectors.

These notes reflect changes to the vision, goal, and policy recommendations based on the discussion summarized below. These recommended changes may be refined in the next draft of the report. However, the ideas they represent will be carried forward even if the exact language is not.

Background

There were no comments or questions related to this section of the draft report.

Vision

The following changes to the vision statement were recommended based on the discussion summarized below.

Missouri's state student aid system must be balanced, responsive, and efficient through policies that are student centered, serve eligible students where they are, provide for timely

awards, include broad criteria that prioritize need, promote Missouri's postsecondary education and workforce development goals, and result in transparent operations.

Discussion

The "where students are" portion of the statement reflects student centeredness.

Whether the vision statement should include a funding benchmark that would be comparable to national or border state funding of state student aid programs was discussed. Comparisons with border states are more meaningful than national comparisons because Missouri competes with those states for enrollment. Benefits of this approach include:
- Reinforcing the link between funding levels and established programs to the legislature.
- State aid funding is essential to supporting effective achievement of Missouri's higher education goals outlined in the Blueprint for Higher Education, especially the degree attainment goal. Adequate funding is also necessary to meet Missouri's access and completion goals, although institutions also bear responsibility for these.
- Taking advantage of the opportunity to advocate for adequate funding and signal that flat funding isn't acceptable. Without adequate funding, we are just making minor adjustments instead of moving any needles.

Downsides to this approach include:
- Funding is not within the higher education community's control so this could be an unattainable goal.
- Setting goals based on averages or rankings can be aspiring to mediocrity.

It was agreed that some reference to funding needs to be incorporated into the report and that it needs to be clear that additional funding is needed to support more solutions. Also, the report should include context in the narrative to support the addition of adequate funding to the vision statement. It was suggested that the Background may be a better place to articulate the need for funding since it explicitly addresses state support. It was decided the Background narrative as well as the vision statement will be revised to include the funding piece.

It was noted that "prioritize need" should have a more in-depth definition and that funding may help determine that definition. In addition, need isn't necessarily defined as Pell eligible.

It was suggested that the phrase "result in transparent operations" would have more impact at the beginning of the statement. It was also suggested that "competitively funded programs" replace "policies".

Goal

The goal 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 students to achieve academically at their greatest potential in order for Missouri to prosper through an educated citizenry and a skilled workforce.

Discussion

It was decided this was more of a purpose statement than a goal since it will help guide MDHE staff's work and it covers the items in the vision statement at a more operational level. The title of the section will be revised.

It was noted the reference to the public good benefit at the end of the statement is important. Postsecondary education is often seen as primarily a private good so there is a need to focus on its broader public gains.

Policy Framework

Policy Recommendation 1

Missouri's student financial aid portfolio should include programs that reward students for academic achievement as well as address a student's ability to finance their postsecondary education. However, providing support to students with identified financial need should be the highest priority.

Discussion

The contextual statistics behind the recommendation and the recommendation itself were reviewed.

There was discussion about whether need should be identified as the highest priority, or simply prioritized. It was noted the majority of other states focus almost all of their aid on need. However, the policy cannot disproportionately affect a particular sector. Also, limited funding makes setting priorities essential so the state knows how to spend additional funding when it becomes available. The policy needs to consider how the system functions as a whole rather than how individual programs function, and it needs to be viewed through a student lens rather than an institutional lens.

The benefits and disadvantages of prioritizing need over merit were discussed. The benefits included:

- Need-based aid is more effective at changing student behavior and moving the needle toward Missouri's affordability and attainment goals.
- Focusing tax-payer dollars on need while allowing institutions to make their own decisions about merit aid.
- Need-based aid supports access. It was noted the value of education isn't just to prepare students for the workforce, college should be accessible to the broadest number of people. It was also noted that academic preparation is the biggest determiner of success once students obtain access.
- Students receiving merit aid often have advantages, such as being more affluent and attending better high schools, than students with high levels of need do not have. There is an extremely high correlation between affluence and academic preparedness and benefits are limited when providing financial aid to affluent families.
- At the state and national level many students attending community colleges have financial need.

The disadvantages included:

- Merit-based aid has had success regarding completion, although more robust data are needed to compare programs' completion rates.
- Although the A+ Scholarship has outlived its original purpose, the high school requirements encourage academic preparedness and it impacts the middle class where need-based support is lacking. It was noted this policy recommendation won't necessarily result in removal of the A+ Scholarship from the state aid system, but it would be a huge step backwards if that were the end result.
- A reduction in aid for middle-class students.

The role that state aid plays in accessing postsecondary education was also discussed. It was noted the information provided to students in high school contributes to students' access to postsecondary education more than the A+ Scholarship because the Pell grant prevents many eligible A+ students from receiving an award, although the number of students who don't receive A+ because of Pell is unknown. It was asked if there is evidence that states that have put more money into access see better completion results. It would be hard to obtain data to show states that offer a greater amount of need based aid produce more degrees due to the wide variability of programs across states.

It was noted that the policy needs to incentivize the legislature to continue funding for state aid, or approve additional funding. Also, programs must reflect the student body and the return on investment must be considered.

It was suggested the last sentence needs to be balanced more with merit, possibly by combining the two by giving the highest priority to meritorious students who have financial need. If students are equally meritorious, state aid should focus on the students with the greatest need. Another suggested approach was to give priority first to students with need and then to students who don't have need. A third suggested approach was to add a need component to merit-based programs.

It was suggested the recommendation be revised to indicate that need is a higher or top priority instead of the highest priority. This will give the State Student Financial Aid Committee more latitude in their recommendations regarding the level of priority that should be assigned to need. In addition, it was noted the recommendation is missing the idea that the capacity to be competitive should be a factor along with need.

This may be an item where dissension is noted. If this is what the group wants to do then we need to move forward with the recommendation to the CBHE as revised.

Policy Recommendation 2

Missouri's student financial aid portfolio should provide improved access to postsecondary education for traditionally underserved populations, including low-income, ethnic minority, and place-bound students.

<u>*Discussion*</u>

This recommendation is from the attainment goal and is about serving underserved populations. Information about these populations indicates early deadlines can be a major barrier.

It was noted serving this population is the only way Missouri will reach its attainment goals in the Blueprint for Higher Education. The students we're trying to reach are those that were unintentionally excluded with the emphasis on merit-based aid. We need to identify who we're not serving in order to move the needle.

It was also noted that persistence is just as important as access because students have to deal with life issues that arise. Phase 2 of this redesign project will identify the variables that will help late decision makers and students with developmental needs retain eligibility and thus move the needle. When students lose eligibility for a semester due to part-time enrollment or a low GPA, it is difficult for them to return.

No changes to this statement were recommended.

Policy Recommendation 3

Missouri's student financial aid portfolio should be designed to assist students who are recent high school graduates (18 to 22 year olds) while also incorporating sufficient flexibility to assist students across the spectrum of lifelong learning regardless of age, prior education, and attendance status.

Discussion

This recommendation is about how the financial aid population should reflect the student population. It was noted the reference to first generation was misstated. The reference should have been to not having a family member who earned a postsecondary credential.

A broader array of programs must underpin this recommendation because students are enrolling different types of programs, such as short term and competency-based programs.

It was noted that this should apply to students in general rather than specific groups of students. The phrase "be designed to assist recent high school graduates" is problematic because it harkens to the traditional model that doesn't reflect today's students. However, previous task force discussion indicated that recent high school graduates are the priority.

The recommendation should be revised based on the recommendations above so there is a better balance between traditional and non-traditional students. The recommendation is essentially correct, it just needs to be refined.

Policy Recommendation 4

Missouri's student aid portfolio should assist students by allowing awards to be used to finance any allowable educational cost (cost of attendance) rather than limit awards based on tuition and fee costs.

Discussion

This recommendation is about whether state aid should be focused be tuition and fees or cost of attendance. The recommendation might have a net effect of fewer students receiving larger awards if funding isn't increased, or it could result in maintaining current awards but providing greater flexibility in how the funds are spent. It was noted that a last dollar award structure undermines award efficiency and that additional funding would be required for an increased portfolio. In addition, some institutions are changing their scholarships to cover cost of attendance in recognition of the barriers posed by the costs beyond tuition and fees.

It was also noted that other aid must be considered in order to achieve the greatest impact. Students with Pell awards that cover tuition and fees likely have remaining costs that need to be covered. However, there may be a public misperception that students can use these funds for non-education related personal expenses. This recommendation addresses that issue with the phrase "allowable education cost" but better education is needed about that terminology to counteract the misperception. That education can include emphasis on the role that aid used to cover allowable education costs plays in lowering debt. In addition, this recommendation may help address some hidden costs such as program-specific fees.

Policy Recommendation 5

Missouri's student financial aid programs should meet students where they are by supporting completion of their educational program in a timely manner whether that is by completing 30 semester credit hours per academic year or the equivalent; through full-time attendance (24 semester credit hours per academic year or the equivalent); or through less than full time enrollment when that is the most appropriate for the student.

Discussion

It was noted that awards may incorporate bonuses to incentivize full-time enrollment or pro-rating for part-time students to accomplish this policy. However, care must be given to avoid the unintended consequence of incentivizing students who would normally attend full-time to attend part time. Institutional intake processes beyond the financial aid office will need to change to encourage full-time enrollment. Promotion of enrollment patterns should focus on what works best for the student rather than one-size-fits-all.

There seems to be a contradiction in this recommendation that asserts financial aid programs should meet students where they are while also promoting the completion of 30 credit hours or the equivalent, which could be interpreted as a one-size-fits-all approach. The 15 to Finish initiative assumes students can start and end their programs of study with 15 hours each semester but it was noted not all students can complete 30 credit hours per year. Thought must be given about how to prevent this from becoming a single expectation. It was also noted that early enrollment flexibility can increase persistence. The goal of the recommendation is to allow students to have flexibility in their enrollment without sacrificing their aid.

Policy Recommendation 6

Missouri should not consider developing state-level student loan programs but instead should focus on programs that provide non-repayable (gift) financial assistance, such as grant, scholarship, and/or state level work/study programs.

Discussion

This recommendation is about what types of programs the state aid portfolio should include and reflects work/study is preferable to loans. Although legislators have expressed interest in scholarships that convert to loans, such as the Bright Flight Promise proposal introduced in the 2018 session, this policy reflects the higher education community's policy priorities.

It was suggested the parenthetical "gift" be removed from the recommendation, since the term "gift aid" can have negative connotations. It was also suggested that the recommendation incorporate the idea of a professional-based learning experience since state level work study is a lacking component that is important to include here.

Policy Recommendation 7

Missouri's student financial aid programs should, to the extent possible, take into account student eligibility for federal, non-loan aid, such as the Pell grant, in order to ensure the greatest impact for the state dollars invested in those programs

Discussion

This recommendation is about sensitivity to other available aid, particularly the Pell grant program and reflects that currently the various types of financial aid work independently without coordination. Having an awareness of what other aid is available will help the state focus its aid. Consideration should be given to how the aid programs are sensitive to one another and fit together in the broader award structure rather than focusing on the structure of a single program.

It was asked if this recommendation suggests that every student regardless of need should complete a FAFSA to access more student information. The recommendation shouldn't go that far as there was legislative concern this session that some schools were requiring students to complete the FAFSA to enroll. It was also asked if this recommendation suggests that Pell be awarded before state aid. That is one interpretation but it doesn't have to be that narrow. The state aid programs could either establish an award hierarchy like A+ or they could simply take other aid into account. In addition, it was asked and answered that this recommendation does not necessarily suggest that EFC is the best measure of financial need.

It was suggested that the word "should" be replaced with "may" since the State Student Financial Aid Committee members will be more familiar with that word as it is often used in federal financial aid regulations.

Policy Recommendation 8

Missouri's student aid portfolio should continue to focus on broad-based programs designed to assist a wide spectrum of students and workforce needs rather than establishing multiple narrowly focused programs. The MDHE should foster connections with interested entities, including other student assistance providers and business organizations to promote collaboration and cooperation in program operation.

Discussion

This recommendation is about whether the state aid portfolio should contain more narrowly focused programs, which often have high administrative needs, fewer broad-based programs, or a single adaptable program. This is a forward thinking policy since this currently is not a big issue in Missouri. Examples of existing narrowly focused programs are the Kid' Chance Scholarship, which serves two students, and the Advanced Placement Incentive Grant that serves less than 20 students. The areas the smaller programs focus on might be incorporated into larger programs to reduce the total number of programs in the portfolio while accomplishing the same goals.

It was noted that it is important that the state aid programs be in tune with the needs and initiatives of other entities, such as the Chamber of Commerce or the Department of Economic Development. In addition, keeping resources in individual silos is inefficient. Collaborative efforts could include workforce-provided internships or apprenticeships, or matching funds from private foundations.

It was suggested the recommendation be revised to include the idea of flexibility, such as the flexibility to award additional funds for program-specific fees, etc.

Policy Recommendation 9

State funded student aid programs should provide awards consistent with the program's goals and structure. Programs designed to support increased access to postsecondary education should provide assistance to the greatest number of eligible applicants while maintaining an award amount that results in meaningful assistance. Programs designed to reward and retain individuals based on talent or program choice should provide all eligible students with an award that is large enough to accomplish the programs' intended goals.

Discussion

This recommendation is about the balance between the number of students who can be served with available funding and adequate award amounts. It was noted the state has an obligation to fulfill its funding promise to students who fulfill their state aid program obligations. In addition, it was suggested state financial aid should focus on providing all accepted students with the aid necessary to attend while institutional aid should focus on persistence. Also, the Advanced

Placement Incentive Grant is an example of a program where the award isn't high enough to change behavior.

It was also noted that most need-based systems treat all needy students the same, regardless of merit. Institutional aid can correct this so that the brightest and neediest students receive aid so that funding isn't a barrier. It was suggested the most effective system would include a need threshold and a merit component to add quality to the investment. In addition, Missouri doesn't currently have a program that combines access and completion to serve these students. There are two different value propositions to the state. The first is a student who has need and the second is a student who is bright and has need. It is equally important for both groups to complete but the challenge is to prevent a completion requirement from becoming a barrier for a low income student.

The last sentence was discussed. An example of the concept of program choice would be a state aid program that incentives students to choose nursing programs if it is determined the state has a need for more nurses. In addition, talent is academic performance/talent but talent can be defined in many ways, even when looking only at the ACT exam. However, an ACT score isn't the only definition of merit. The definition of merit is an operational issue but the policy needs to include sufficient flexibility to stay relevant in a changing landscape.

It was suggested the recommendation be revised to clarify when the term "programs" is referring to state aid programs and when it refers to academic programs since it is currently used for both.

Policy Recommendation 10

Missouri's student financial aid system should incorporate provisions that encourage high school students to engage in activities that demonstrate an understanding of and readiness for postsecondary work.

Discussion

The intent of this recommendation is to recognize the value of early awareness/information programs and encourage new approaches to connect information and aid programs, recognizing this isn't a good fit for all programs. It was noted this recommendation applies only to the high school students that are not prepared for college. It will be important to develop pre-college (8th and 9th grade) programs that specifically target the students who were unintentionally left out of the pipeline. This recommendation could encompass incorporation of this information into the personal finance graduation requirement. DESE is currently reviewing the personal finance class standards and considering incorporation of financial aid into the curriculum.

In addition, it was noted that higher education doesn't provide enough emphasis on program marketing. Institutions have a vested interest in targeting at-risk students but need a pathway to connect with students who don't see themselves as college bound.

It was suggested this recommendation is nebulous and needs revised. In addition, the term "provisions" should be replaced with "strategies" and the term "postsecondary work" should be replaced with "postsecondary education".

Policy Recommendation 11

While different program types support different goals, Missouri's student aid programs should be structured in a way that encourages students to persist to program completion.

Discussion

Postsecondary attainment is the first goal in the Blueprint for Higher Education so the financial aid programs need to work together to promote access and attainment. In addition, eligibility requirements shouldn't create barriers. It was suggested that Missouri's financial aid awards might be indexed to keep pace with the increasing expense of higher education.

It was suggested this recommendation be revised by removing the introductory clause and by clarifying that students should be encouraged to persist to academic program completion. It was also suggested that the narrative be revised to indicate the neediest students need to be revisited throughout their college careers.

Policy Recommendation 12

The MDHE should develop a comprehensive marketing program for the state assistance programs that includes not only information about program structure and requirements but addresses issues of financial literacy, avoidance of unnecessary student borrowing, and readiness to succeed in postsecondary education.

Discussion

Marketing is essential to effectiveness and there needs to be a focus on providing timely and complete information for better decision making. However, state aid should only be a piece of the marketing campaign. It was suggested that a process similar to federal entrance counseling could be implemented, requiring that students learn about financial literacy before receiving aid. This would be similar to the early awareness financial literacy component of federal student aid. However, such a requirement might create a barrier that would disproportionately affect a group of students. In addition, the counseling would have to be meaningful and not simply "click through". It was also suggested that an approach similar to the Default Prevention Grant would allow the MDHE, with assistance from institutions, to track students and provide one point of contact. Such partnerships need to be explored.

It was noted that competition for students has forced institutions to focus their resources on students preparing to graduate high school and away from the 7th and 8th grade students they used to reach. Early outreach is especially important for low income students that may not have parental guidance and may think college costs are out of their reach.

It was suggested that Recommendation 10 be restructured to focus more on bridge programs, remove it entirely, or merge it with this recommendation, which is well worded. It was also suggested that the beginning of the report should include a statement indicating the recommendations are not listed in any particular order so it is clear they aren't in priority order.

Recommendation

The task force recommends this policy framework 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.

There were no comments or questions related to the recommendation to the CBHE.

Next Steps

Questions related to the next steps were answered. Assuming the CBHE accepts the task force's recommendations, a group of financial aid professionals will be impaneled to review the existing programs and recommend to the CBHE changes to the existing programs or new programs, including programmatic policies. This task force will be engaged in that process to ensure the changes accomplish the policy goals. The CBHE must approve the task force's recommendations before the State Student Financial Aid Committee begins its work so the committee can focus on the approved policies only. The State Student Financial Aid Committee's recommendations will determine whether regulatory or statutory changes are needed.

Wrap Up/Next Meeting

The policy document will be revised based on today's discussion and will be redistributed to the task force on May 30 or 31, 2018. The revised report will also be distributed to the CBHE and the broader higher education community in preparation for the June 7, 2018 CBHE meeting that will be held at 9:00 a.m. in Lincoln Hall, Room211 on the campus of Ozarks Technical Community College.

The next task force meeting will be on June 4, 2018 to finalize the report. The meeting will be conducted electronically and is expected to last no longer than an hour and a half.

The meeting adjourned at 1:40 p.m.