

Aid Like A Paycheck: Incremental Financial Aid to Improve College Success

*Evan Weissman, MDRC
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**THECB Financial Aid Advisory Committee
Austin, TX, February 25, 2016**



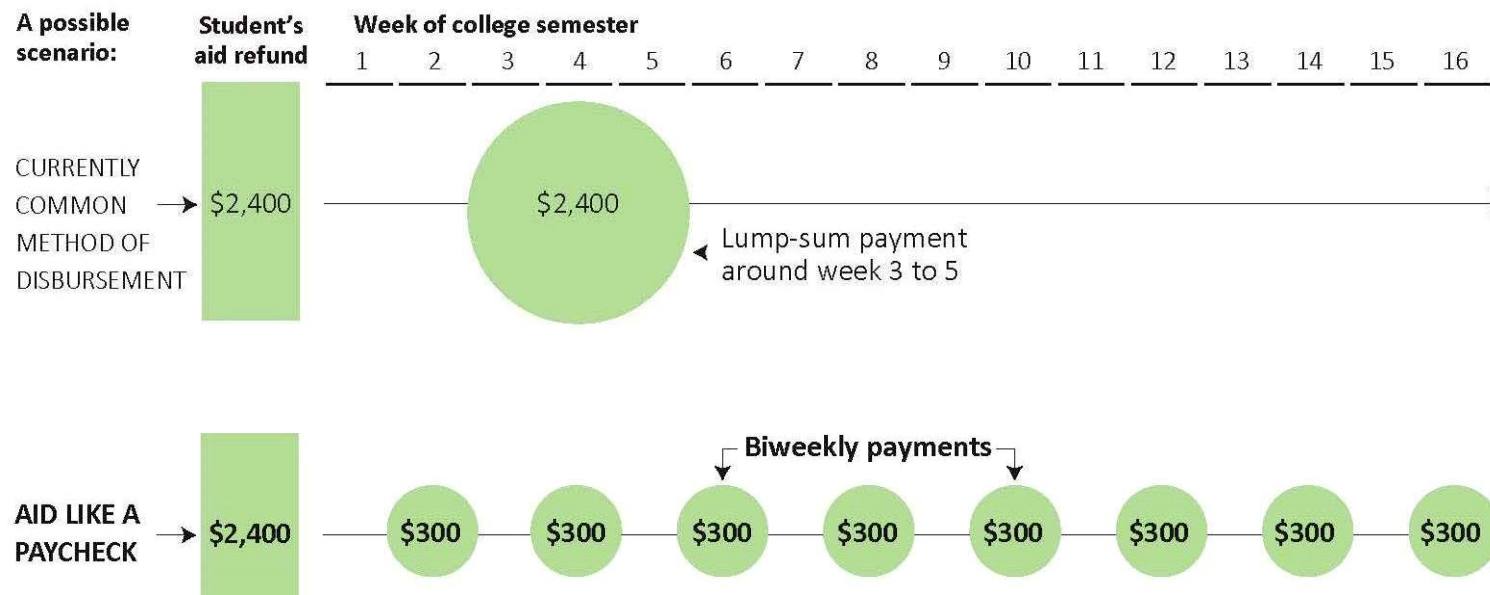
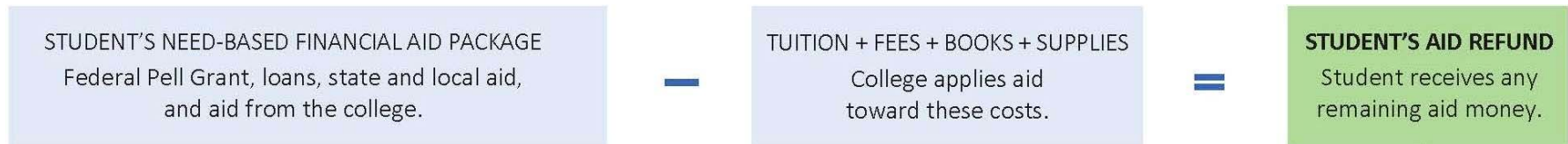
MDRC

- ▶ Over 40 years of rigorous research in education and social policy;
- ▶ Over 10 years of partnerships with THECB and colleges in Texas, evaluating and sharing lessons on what works to help low-income and underprepared students succeed;
- ▶ Reports and briefs always available at no cost:

www.mdrc.org

Aid Like A Paycheck

Incremental Disbursements of Aid Refunds



Potential Benefits

Potential Benefits for Students

Short Term

- Budget aid more effectively
- Balance work and school
- Experience less financial stress

Long Term

- Pass more courses
- Persist, accumulate credits, attain credentials at higher rates
- Receive greater net aid

Potential Benefits for Colleges

- Potential fit with success agenda
- Make financial aid programs more cost-effective
 - Ensure aid is distributed while students are enrolled
- Limit Returns to Title IV
 - Students who withdraw may need to return some funds

Incremental Disbursements at San Jacinto College and Houston Community College System

Houston Community College System and San Jacinto College

- ▶ Began assigning half of new students to Aid Like A Paycheck in 2014-15 academic year (over 3000 to date)
- ▶ Include Pell and federal loans, as well as TEOG and TEXAS Grant, in biweekly disbursements
- ▶ Continue to disburse refunds incrementally when students reenroll and continue to receive aid
- ▶ Continue to enroll new students through Fall 2017

Impact Study at SJC and HCC

- ▶ MDRC is tracking academic and financial outcomes, as well as student interview and survey data, for students at HCC and SJC,
- ▶ Outcomes for students assigned to receive biweekly disbursements are compared with outcomes for students assigned to receive lump sum,
- ▶ *Differences in outcomes are the impacts of the program.*

Aid Like A Paycheck – Next Steps and Report Schedule

- ▶ West Hills Community College District (Calif) will offer Aid Like A Paycheck at scale, to test replicability and scaling (implementation study only).
- ▶ Late 2016: MDRC Policy Brief on implementation lessons and early academic and economic impacts from student, college, and national perspectives.
- ▶ 2018: MDRC Final Report will present impact findings 1.5 years after program start, and policy lessons for institutions, states and nation.

Select other MDRC Studies

Financial Aid: Performance-Based Scholarship Demonstration

Rigorous evaluations in six states with 12,000 students

- ▶ Need-based grants on top of other aid
- ▶ Contingent on academic performance
- ▶ Paid directly to students
- ▶ Flexible programs for diverse low-income students

Two main goals:

- ▶ Help low-income students cover a larger portion of college expenses
- ▶ Incentivize good academic performance and progress

Performance-Based Scholarship Demonstration Findings

▶ Overall impacts

- ▶ Increased graduation by about 3 percentage points
- ▶ Increased credits earned, no big impact on persistence
- ▶ Increased financial aid
- ▶ Increased use of services when tied to payments
- ▶ Reduced loans at three sites

▶ Impacts when offered before enrollment (in California)

- ▶ Increased enrollment in the first year
- ▶ Larger for students with lower H.S. GPAs
- ▶ Appear concentrated to students at community colleges

Select Research in Developmental Education

Past rigorous evaluations

- ▶ Accelerated Study in Associate Programs (ASAP) – Doubled graduation rates at City Universities of New York
- ▶ Texas Developmental Summer Bridge Programs
- ▶ Learning Communities (including developmental math at HCC)

Ongoing rigorous evaluations

- ▶ The New Mathways Project in Texas
- ▶ Acceleration

Studies of Institutional Change

- ▶ Achieving the Dream
- ▶ Completion by Design

Ideas for New Financial Aid Research

Year-Round Pell

- ▶ Research suggests year-round Pell could have positive impacts

Federal Work-Study

- ▶ Very little evidence about effectiveness of current program
- ▶ Explore closer alignment between jobs and academics

Emergency Aid

- ▶ May be instrumental in helping some students persist

Other ideas?

Contact Information

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Learn more at:

www.mdrc.org

www.mdrc.org/issue/higher-education

www.mdrc.org/project/aid-paycheck

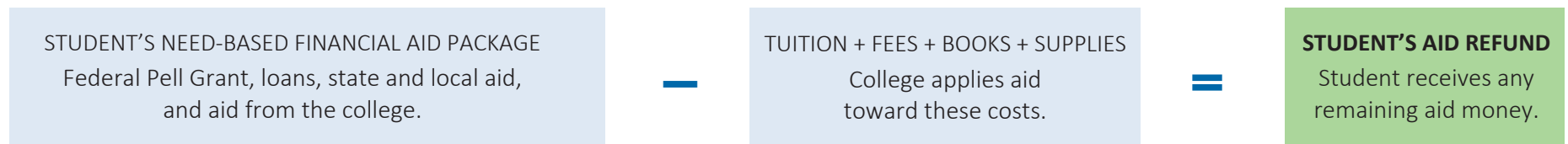
Aid Like A Paycheck

Incremental Delivery of Financial Aid to Promote College Success

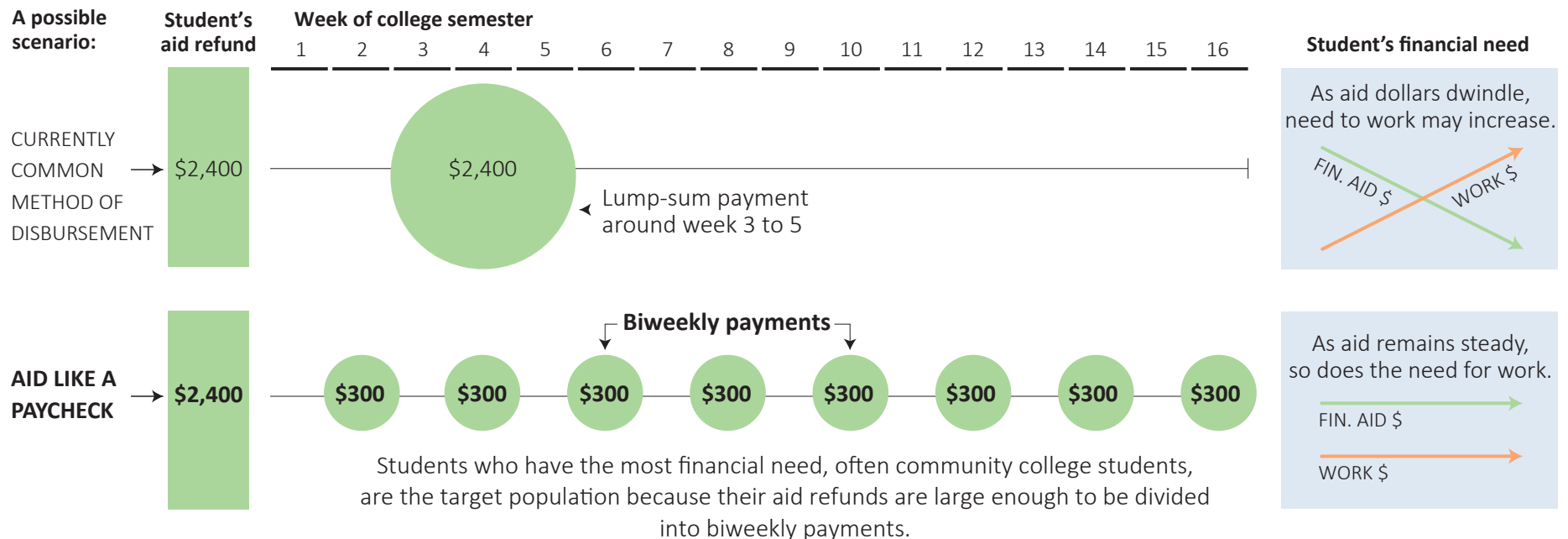
A large-scale evaluation of whether an innovative approach to disbursing financial aid — through biweekly payments, like paychecks, instead of one or two lump-sum payments — can improve academic outcomes for low-income college students.

How does Aid Like A Paycheck work?

1. Uses aid refunds. Many low-income college students receive “refunds” if their financial aid packages exceed the cost of tuition and fees.



2. Modifies distribution method to smooth student's income and provide an incentive to stay enrolled.



What are the potential benefits of Aid Like A Paycheck?



May improve the academic outcomes of low-income students



May improve efficiency for colleges and government, which spend billions to support students

LUMP-SUM PAYMENTS

Do not tend to last over a term. Growing financial needs may force students to work more or drop classes.

Students who drop all classes before completing at least 60 percent of the term may have to pay back part of the aid. They cannot otherwise reenroll.

If students fail to repay their debts, the college must bear the cost. The primary goal of financial aid — helping needy students succeed — remains unmet.

AID LIKE A PAYCHECK

Over the term, students may:

- Budget aid more effectively
- Face less financial stress
- Balance school and work

In the long run, students may:

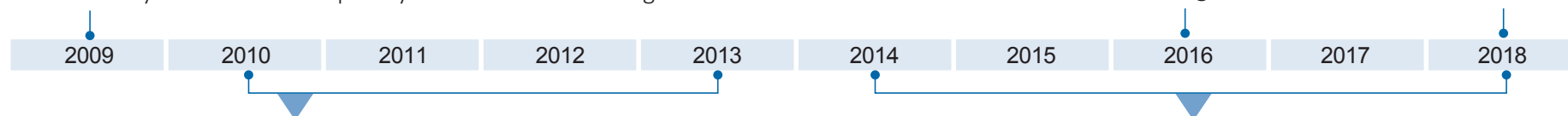
- Pass more courses
- Accumulate credits and stay enrolled
- Attain credentials at higher rates

Colleges face lower costs from returning aid money when students withdraw. By using existing resources to boost performance and persistence, financial aid programs may become more efficient and cost-effective.

How is MDRC evaluating Aid Like A Paycheck?

Aid Like A Paycheck was developed by The Institute for College Access & Success and MDRC.

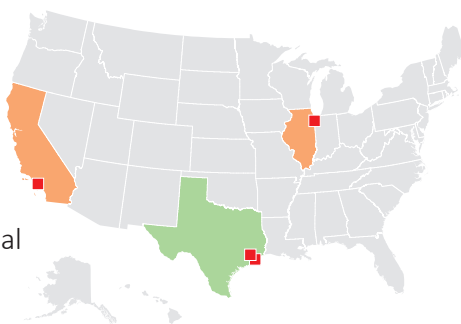
Findings will be released in 2016 and 2018.



Feasibility assessment

Pilot studies in Los Angeles and Chicago found that colleges were able to implement the model for small numbers of students. It was well received by staff members and students.

Larger-scale implementation requires technological resources; may require increased staffing and better communication to students as well.



Evaluation of program impact and implementation

A randomized controlled trial was launched in two colleges in Texas; a third college may be added soon. The goal is to:

1. **Enroll** 5,000 students into the study at each college
2. **Randomly assign** half to receive biweekly aid payments
3. **Assess what it takes to implement** the program for this large group of students who receive biweekly payments
4. **Compare their academic and financial outcomes** to the other half who receive lump-sum payments

Proposed rule changes based on the 12/10/15 FAAC discussions:

Texas Administrative Code

<u>TITLE 19</u>	EDUCATION
<u>PART 1</u>	TEXAS HIGHER EDUCATION COORDINATING BOARD
<u>CHAPTER 1</u>	AGENCY ADMINISTRATION
<u>SUBCHAPTER J</u>	FINANCIAL AID ADVISORY COMMITTEE

Rules

<u>§1.149</u>	Authority and Specific Purposes of the Financial Aid Advisory Committee
<u>§1.150</u>	Definitions
<u>§1.151</u>	Committee Membership and Officers
<u>§1.152</u>	Duration
<u>§1.153</u>	Meetings
<u>§1.154</u>	Tasks Assigned the Committee
<u>§1.155</u>	Report to the Board; Evaluation of Committee Costs and Effectiveness

RULE §1.149	Authority and Specific Purposes of the Financial Aid Advisory Committee
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(a) Authority. Statutory authority for this subchapter is provided in the Texas Education Code, §61.0776, and the Texas Government Code, Chapter 2110, §2110.0012.

(b) Purposes.

(1) The Financial Aid Advisory Committee is created to provide the Board with advice and recommendations regarding the development, implementation, and evaluation of state financial aid programs for college students. In this capacity, it is also to assist staff in the development of training materials for use by the Center for Financial Aid Information and others in informing students, parents, secondary education counselors, college personnel, members of appropriate community-based organizations, and others about financial aid opportunities for Texas students, including eligibility requirements and procedures for applying for financial aid.

(2) In addition, the committee shall review state financial aid program policies and procedures; ~~review state financial aid reports, including their uses; recommend changes in the allocation of financial aid funds to address state goals; review the collection, and uses~~ use, and reporting of data; and identify areas of research for consideration.

Source Note: The provisions of this §1.149 adopted to be effective December 2, 2013, 38 TexReg 8658

The following words and terms, when used in this subchapter, shall have the following meanings:

- (1) Board--The Texas Higher Education Coordinating Board.
- (2) Center for Financial Aid Information--The state's entity for developing and disseminating information about financial aid for college, consisting of the Texas Financial Aid Information Center call center housed at the Texas Guaranteed Student Loan Corporation, and the College for All Texans website housed on the Board's website.
- (3) Commissioner--The Commissioner of Higher Education, the Chief Executive Officer of the Board.
- (4) Interested persons--Persons who attend committee meetings as representatives of stakeholder entities and any other persons who have made their interest in the work of the committee known to its presiding officer. Such interested persons may participate in committee discussions, as invited by the presiding officer to do so, but do not have the authority to cast votes.

Source Note: The provisions of this §1.150 adopted to be effective December 2, 2013, 38 TexReg 8658

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- (a) Membership shall consist of financial aid practitioners, public school counselors, and other persons who can provide insight into the informational needs of students employed in the non-profit sector in roles with responsibility for advising students regarding financial aid.
 - (b) Membership on the committee will include:
 - (1) at least two representatives from each sector the following sectors of higher education (four-year public universities, health-related institutions, two-year colleges, and private institutions) and at least one representative from a health-related institution;
 - (2) at least one student representative; if two are selected, one is to be from the four-year college sector; and at least one student representative from the two-year college sector, who serve as non-voting members;
 - (3) two representatives of school districts; and
 - (4) one representative from the Texas Association of Student Financial Aid Administrators (TASFAA), named by the TASFAA Board, who serves as a non-voting member.
 - (c) Interested persons, such as the Independent Colleges and Universities of Texas (ICUT), Texas Association of State College and University Business Officers (TASCUBO), and the Texas Association of Community Colleges (TACC), and legislative and governmental relations staff shall be regularly advised of committee meetings.
 - (d) The number of committee members shall not exceed twenty-four (24).
 - (e) Members of the committee shall select:
 - (1) the presiding officer, who will be responsible for conducting meetings and conveying committee recommendations to the Board, and who will be selected from the financial aid practitioners serving on the committee; and

(2) the vice chair, who will succeed the presiding officer at the end of the presiding officer's year of service, and who will be selected from the financial aid practitioners serving on the committee.

(f) The transition of leadership to the new presiding officer will occur at the end of the first committee meeting of each state fiscal year. The new presiding officer's term will begin with the second committee meeting of each year, as will each year of committee members' terms. If the chair steps down with more than half his or her term remaining, the vice chair will become chair with the option to complete the previous chair's term and his or her own term or choose to only complete the previous chair's term. If the vice chair's decision is to only complete the previous chair's term, the committee shall immediately elect a new vice chair. If less than half the chair's term remains when the chair steps down, the vice chair will complete both terms.

(g) Members shall serve for a term of three years, except that, regardless of the number of years previously on the committee, terms for persons who serve as chair of the committee will include the year as chair and the subsequent year as immediate-past chair; and the terms of persons who serve as vice chair will include the year as vice chair, the subsequent year as chair, and a following year as immediate-past chair of the committee. Student members of the committee will serve two-year terms. The TASFAA representative will serve a one-year term. Persons who have previously served on the committee are eligible to serve again.

Source Note: The provisions of this §1.151 adopted to be effective December 2, 2013, 38 TexReg 8658

RULE §1.152

Duration

The committee shall be abolished no later than October 31, 2017, in accordance with Texas Government Code, Chapter 2110. It may be reestablished by the Board.

Source Note: The provisions of this §1.152 adopted to be effective December 2, 2013, 38 TexReg 8658

RULE §1.153

Meetings

The committee shall meet on a quarterly basis. Special meetings may be called as deemed appropriate by the presiding officer. Meetings shall be open to the public and broadcast via the web, unless prevented by technical difficulties. Minutes shall be available to the public after they have been prepared by the Board staff and reviewed by members of the committee.

Source Note: The provisions of this §1.153 adopted to be effective December 2, 2013, 38 TexReg 8658

RULE §1.154

Tasks Assigned the Committee

- (a) Tasks assigned the committee include providing the agency with guidance and advice to:
- (1) develop a comprehensive financial aid training program for public school counselors, employees of student financial aid offices of public institutions and private or independent institutions of higher education, members of appropriate community-based organizations, and other appropriate persons;
 - (2) teach methods to enable persons receiving training to effectively communicate financial aid information to students, parents and others;
 - (3) support and promote the dissemination of financial aid information, including eligibility requirements and procedures for applying for financial aid, to students, parents and others; and
 - (4) publicize training and make it easily available to public school counselors and other appropriate persons across the state.
- (b) Other tasks to be addressed include:
- (1) evaluate and make recommendations regarding means for improving state financial aid programs;
 - (2) review and make recommendations regarding program rules and administrative materials to assure procedures are effective and efficient;
 - ~~(3) review and make recommendations on financial aid allocations to ensure state goals are met;~~
 - (4) review the collection, and use, and reporting of financial aid data; and
 - (5) identify areas of research for consideration.

Source Note: The provisions of this §1.154 adopted to be effective December 2, 2013, 38 TexReg 8658

RULE §1.155

Report to the Board; Evaluation of Committee Costs and Effectiveness

The committee chairperson shall report any recommendations to the Board on no less than an annual basis. The committee shall also report committee activities to the Board to allow the Board to properly evaluate the committee's work, usefulness, and the costs related to the committee's existence. The Board shall report its evaluation to the Legislative Budget Board in its biennial Legislative Appropriations Request.

Source Note: The provisions of this §1.155 adopted to be effective December 2, 2013, 38 TexReg 8658

**Preliminary Coordinating
Board Legislative
Recommendations on
Financial Aid**



Achieving the Goals of 60x30TX Through Student Financial Aid Programs

TEXAS Grants and Texas Educational Opportunity Grants (TEOG):

- ✓ As the state's primary grant programs for students at public universities (TEXAS Grant) and public 2-year institutions (TEOG), these programs will play an important role in meeting the attainment, completion and student debt goals of 60x30TX.
- ✓ Consider increasing the Expected Family Contribution (EFC) limit for these programs to accommodate more middle-income families, while simultaneously limit grant award amounts to the cost of tuition, fees, and books.
- ✓ Consider making grant recipients eligible for funding during summer sessions.

TEXAS Grants

- ✓ Consider limiting grant recipients to 135 semester credit hours (down from 150 SCH currently) to incent timely completion and use savings to serve additional eligible students.

Achieving the Goals of 60x30TX Through Student Financial Aid Programs

Texas Educational Opportunity Grants (TEOG):

- ✓ Consider expanding the number of SCH that a recipient enrolled in a community college baccalaureate program may receive the grant to 135 SCH (currently 75 SCH).

Work Study Mentorship Program

- ✓ Consider expanding the allowable use of funds to include student success programs such as tutoring and advising.

Student Loan Notification Letters

- ✓ Consider informing students regarding their student loan indebtedness, so that they can make informed decisions about managing their debt.

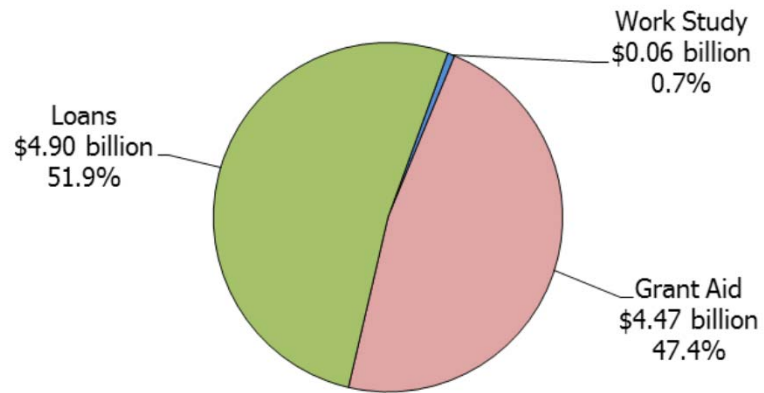


Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2014

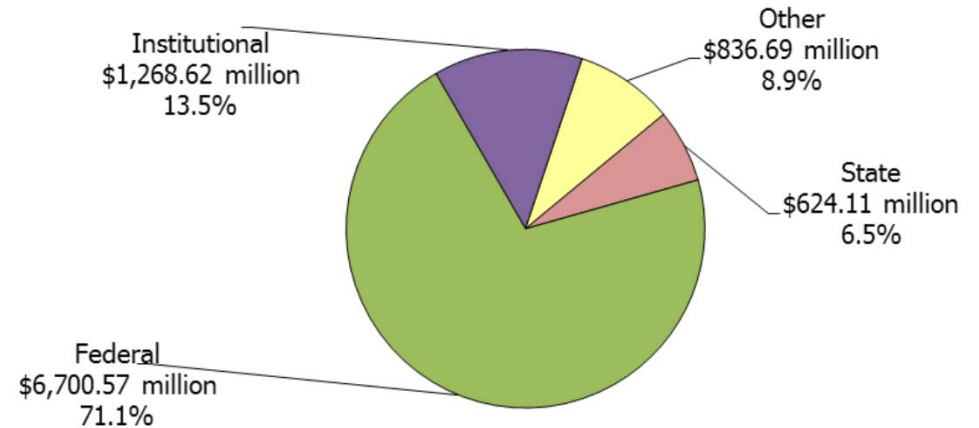


Summary of Fiscal Year 2014 Financial Aid

Types of Aid to Students in Texas, FY 2014



Sources of Aid to Students in Texas, FY 2014



Financial Aid Programs Administered by THECB

State Financial Aid Programs: Awards and Dollars¹⁵, FY 2014

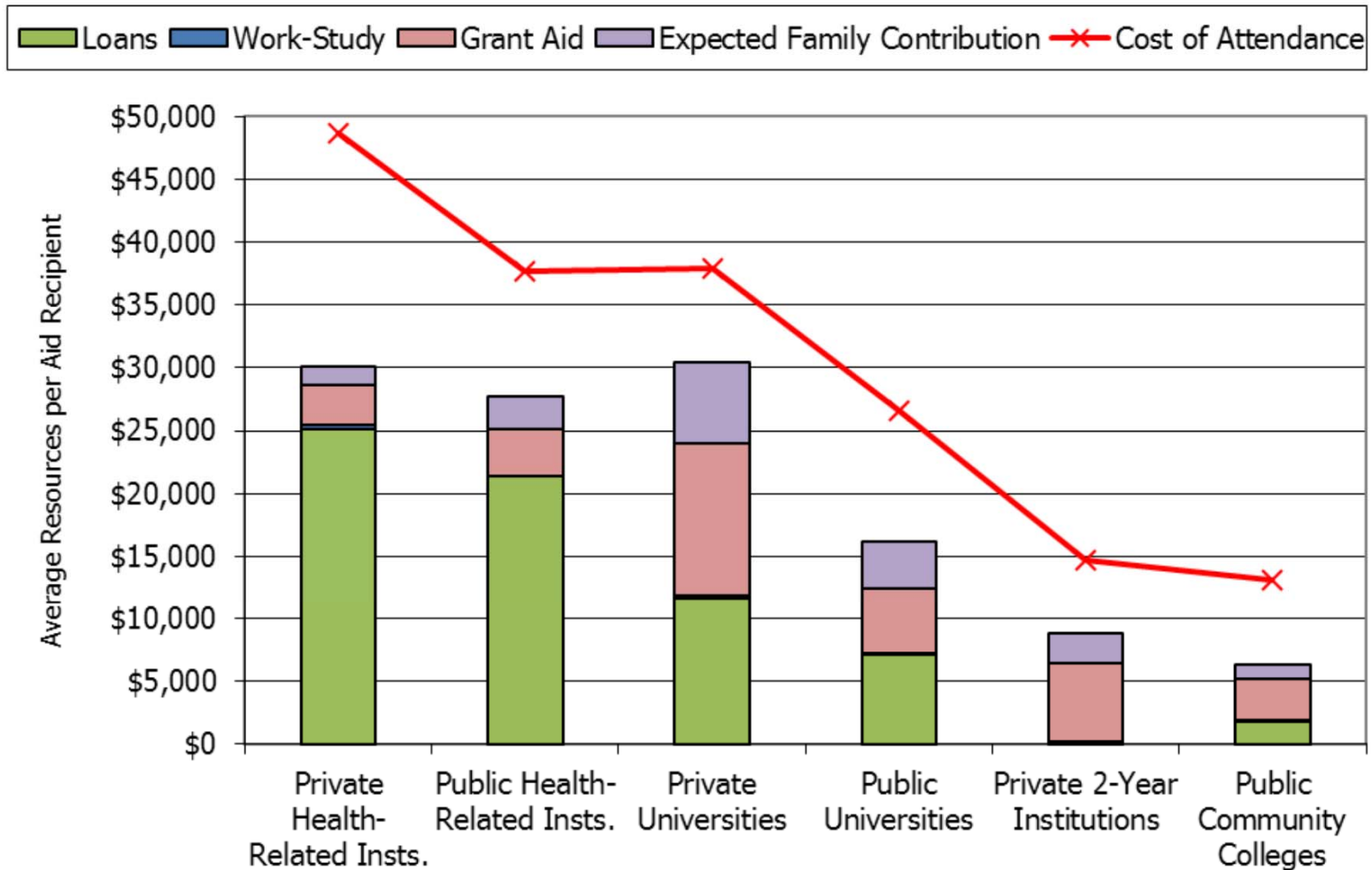
	FY14 # Recipients	FY14 Disbursements
TEXAS Grant	87,341	\$345,426,724
Texas Educational Opportunity Grant	7,842	\$13,701,911
Tuition Equalization Grant	27,089	\$89,422,566
Top 10% Scholarship	15,633	\$25,814,617
Texas Work-Study	4,763	\$7,975,527
College Access Loan	7,493	\$98,929,074
Texas B-On-Time Loan	7,651	\$47,724,215
Total	157,812	\$628,994,634

Five-Year History of the Major State Grant Programs

of Recipients and Funds Awarded through State Grant Programs (Current Dollars), FY 2010 - 2014

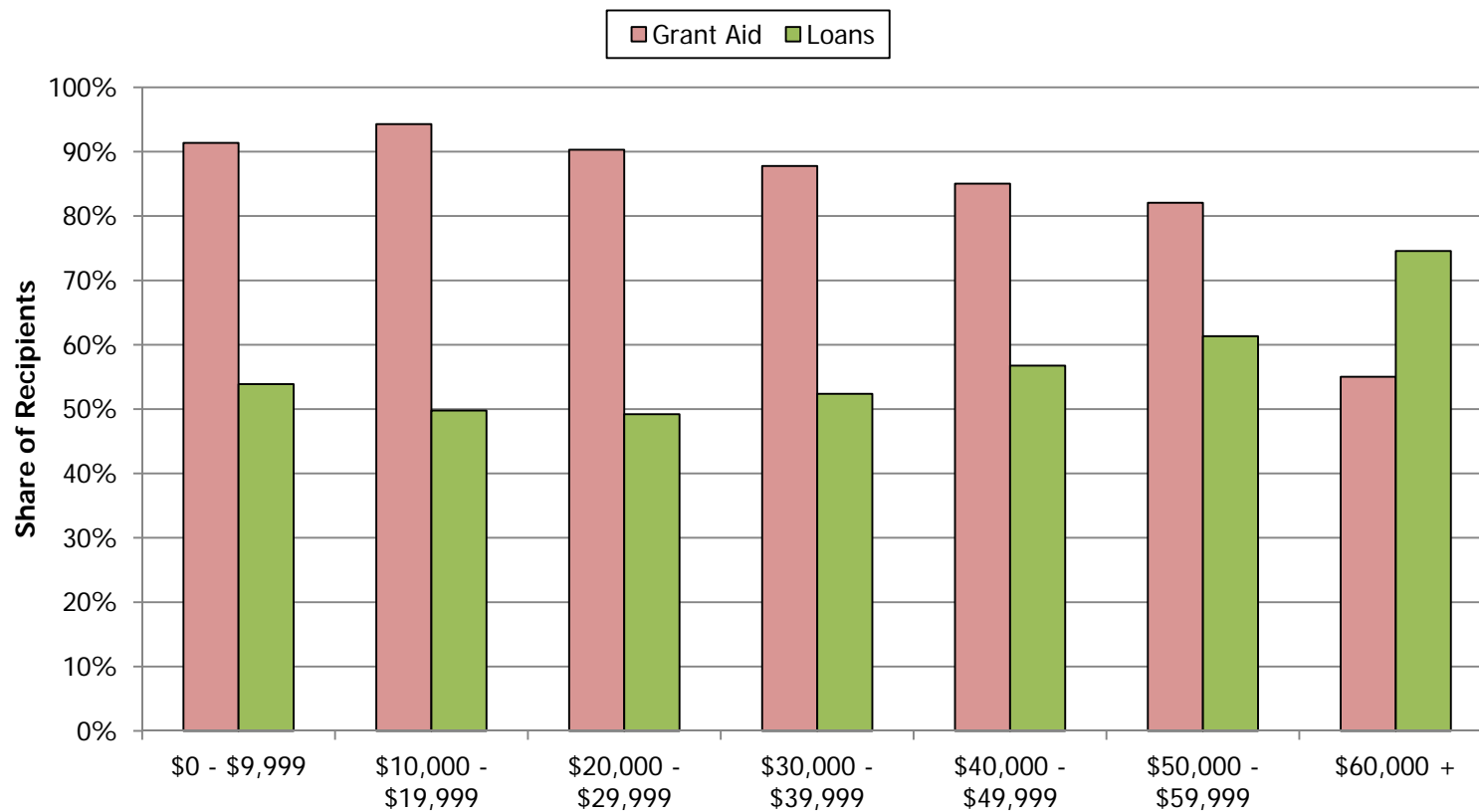
	FY10	FY11	FY12	FY13	FY14
TEXAS Grant Funds (in Millions)	\$274.15	\$338.10	\$286.38	\$292.55	\$345.43
TEXAS Grant Recipients	68,119	71,726	75,966	77,268	87,341
Average Award Amount	\$4,025	\$4,714	\$3,770	\$3,786	\$3,955
TEG Funds (in Millions)	\$103.69	\$102.11	\$84.30	\$84.20	\$89.42
TEG Recipients	27,988	27,736	25,474	24,906	27,089
Average Award Amount	\$3,705	\$3,681	\$3,309	\$3,381	\$3,301
TEOG Funds (in Millions)	\$11.88	\$11.30	\$9.20	\$11.55	\$13.70
TEOG Recipients	7,489	6,826	5,801	6,563	7,842
Average Award Amount	\$1,586	\$1,655	\$1,586	\$1,760	\$1,747

Average Unmet Need for FY14



Need-Based Financial Aid Programs

Financial Aid to All Recipients by Income (Grants vs. Loans), FY 2014





Texas Higher Education
Coordinating Board

Report on the TEXAS Grant Program for Fiscal Year 2014

December 16, 2015

“Priority Model” Criteria

Complete at least two of the following:

Advanced Academic Programs

- Earn 12 hours of college credit courses (e.g. dual credit, AP); or graduate under the Distinguished Level of Achievement High School Plan or under the International Baccalaureate Program.

Advanced Math

- Complete a math course beyond Algebra II

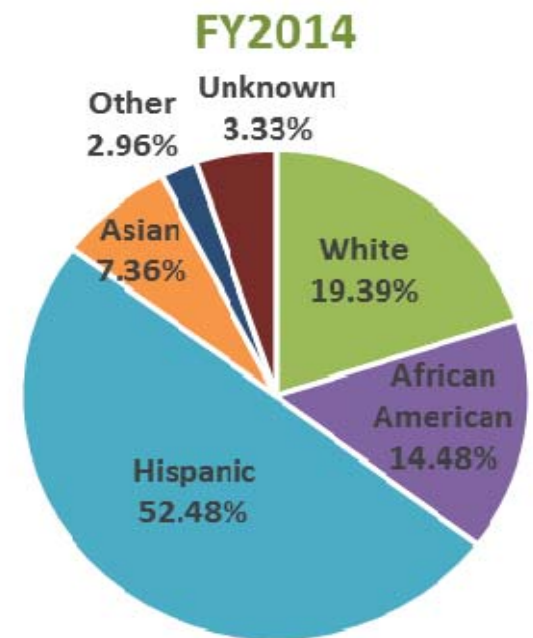
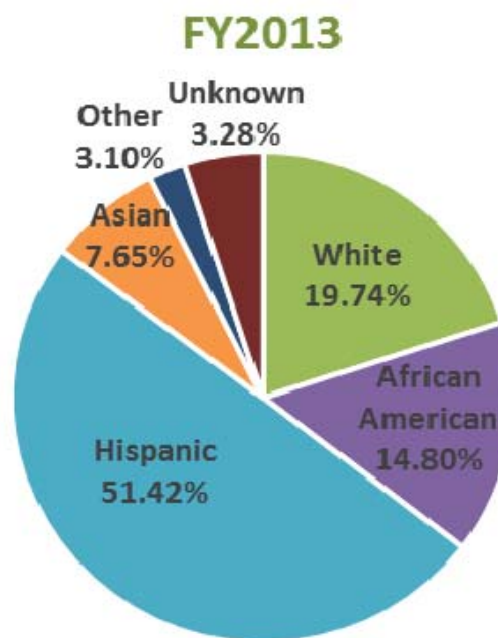
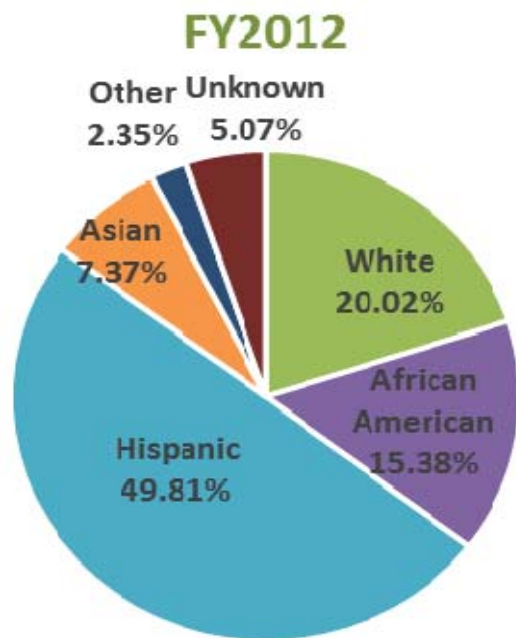
Class Standing

- Rank in top third of high school graduating class or attain a B average (e.g. 3.0 on 4.0 scale)

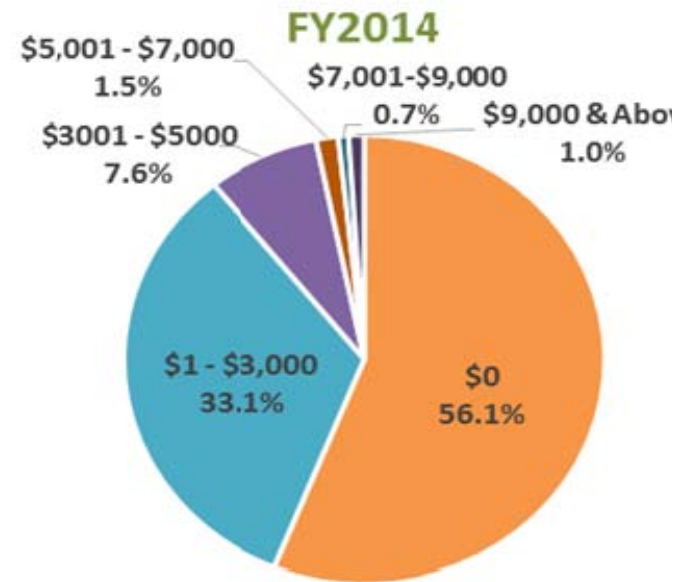
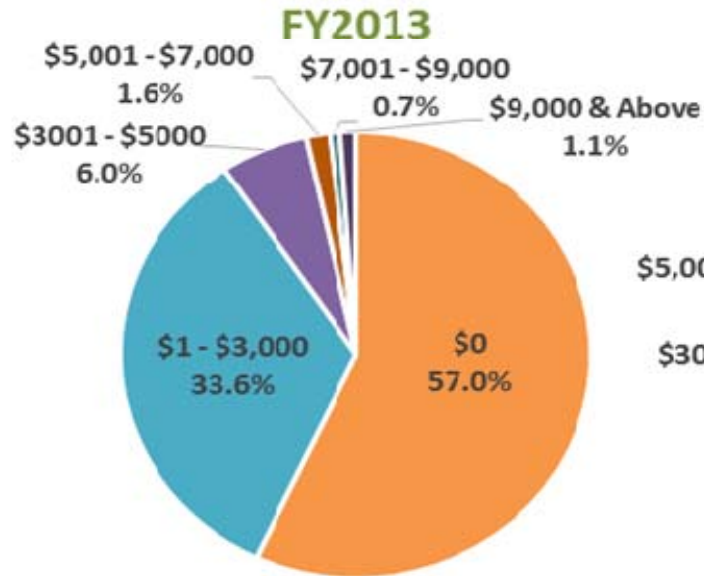
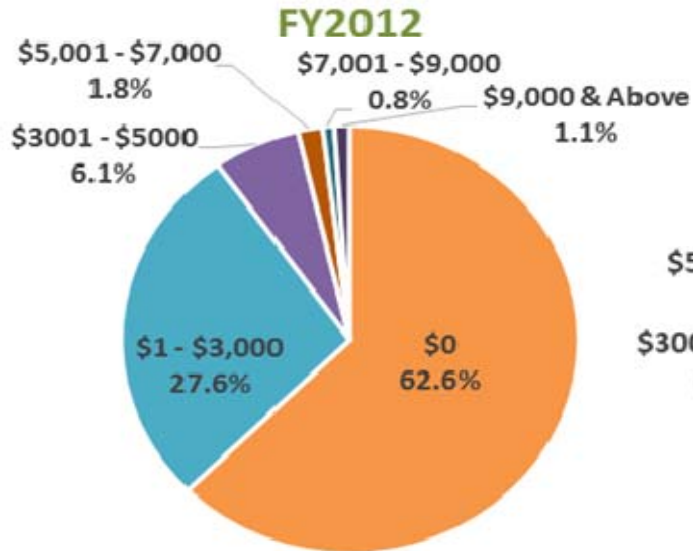
College Readiness

- Achieve a college readiness threshold as determined by the Texas Success Initiative or be exempt

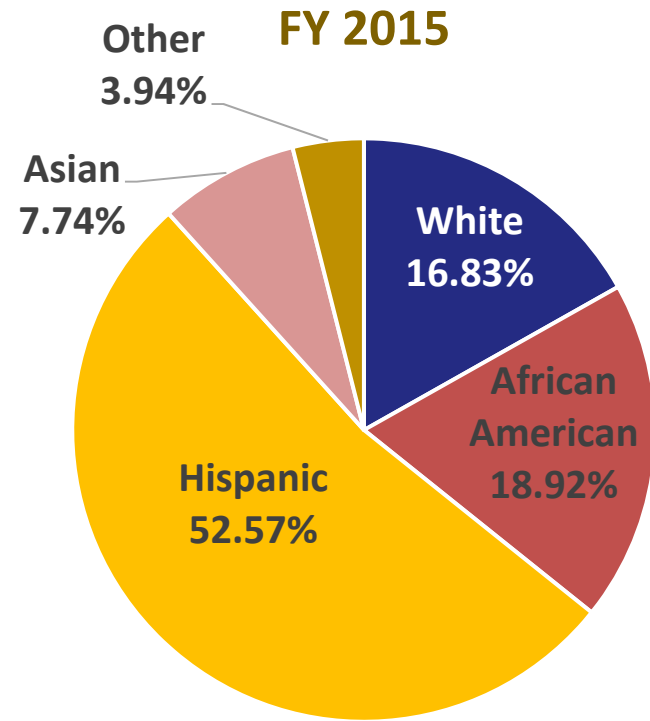
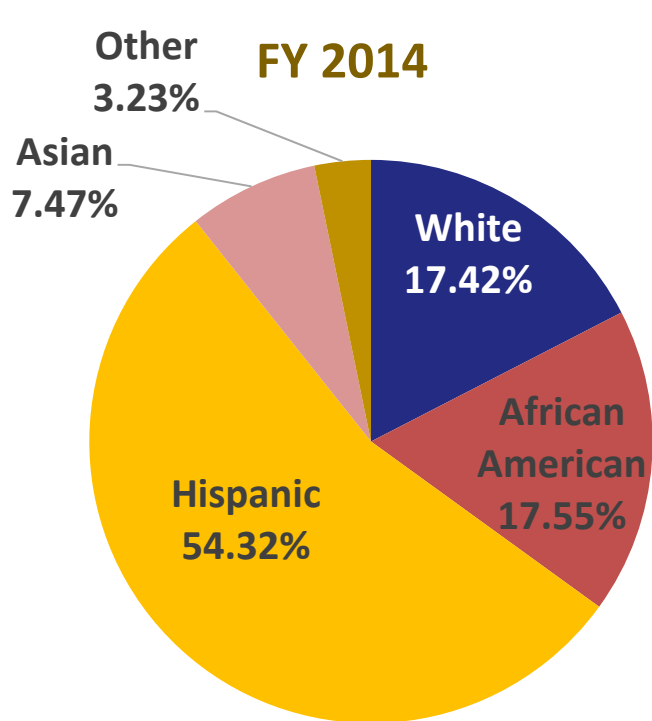
TEXAS Grant Recipients by Race



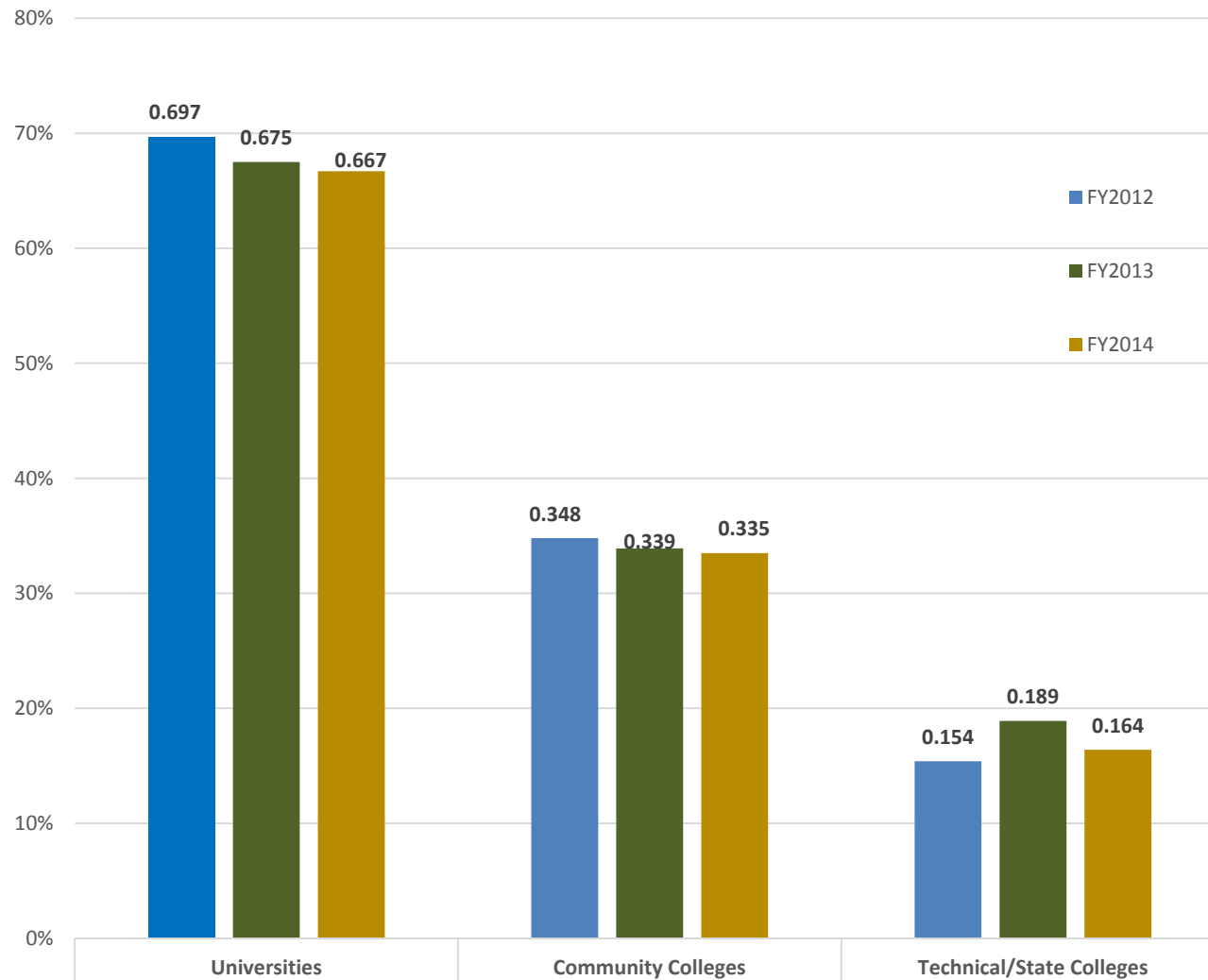
TEXAS Grant Recipients by EFC



Initial TEXAS Grant Recipients by Race



Six-Year Graduation and Persistence Rates of TEXAS Grant Recipients



**A Proposed Allocation Approach
Prior-Prior Year Subcommittee
Financial Aid Advisory Committee
Texas Higher Education Coordinating Board**

Purpose

The below table is a proposed approach to address the two allocation-determination recommendations the Prior-Prior Year Subcommittee made to the Financial Aid Advisory Committee (FAAC) on December 10, 2015. These two allocation-related recommendations, which are designed to facilitate the smooth transition of institutions to the October 1st FAFSA availability deadline, are as follows:

Recommendations

1. Between each biennium and prior to funds being appropriated by the Legislature for the upcoming biennium, the THECB should consider providing each institution a hold harmless (base) amount for the first year of a biennium. Doing so for each aid program would allow institutions to award aid in a more timely fashion. This approach would enable institutions to better assist financially-needy students access a higher education as well as help the State of Texas achieve its 60x30 strategic goals.
2. Once funds are appropriated by the Legislature, the THECB should consider providing institutions their allocation for the biennium (one allocation per year) for each state financial aid program.

Proposed Allocation Approach To Facilitate Earlier Awarding of Aid At Institutions of Higher Education			
Action of Legislature	Award Year within Biennium	Biennium	
		1st-Year Allocation	2nd-Year Allocation
Funding Not Determined	1 st	Previous Year Allocation – 10%*	0%
Funding Determined	1 st	100% of Allocation	1 st -Year Allocation – 10%*
	2 nd	100% of Allocation	100% of Allocation
*Allocation is preliminary.			
Assumptions			
<ol style="list-style-type: none"> 1. An institution's annual allocation for a particular financial aid program would not decrease by more than 10% from the previous year. 2. Funding for a financial aid program will not be decreased by the Legislature from one year to the next. 			