

# *College Affordability Policy and Practice Review*

## A Statewide Framework

The SREB Commission on College Affordability in the South recommends that states review their affordability policies and practices for their capacity to address the Commission's recommendations. This framework outlines, in checklist form, questions that can guide this assessment. While state higher education finance policy may encompass private as well as public institutions, these questions apply to public institutions only.

### Context

1. Which entity within your state is responsible for establishing statewide goals and priorities for higher education? Is college affordability for students one of the goals in the statewide plan?
2. Has the legislature given the affordability goal the force of law, by enacting the goal into statute?
3. Who (which body) within your state is responsible for creating a clear definition of the term "affordability?"
4. How is the determination made as to whether or not higher education in the state is affordable? What calculations are employed?
5. Is the calculation of affordability based on full cost of attendance or on tuition only?

### Policy Coherence

6. What entity within your state is responsible for ensuring alignment of all components of finance policy — state support of institutions, state student financial aid policy, tuition and institutional productivity?
7. What is the process or mechanism by which affordability is incorporated into all decisions regarding financing higher education?
8. What are the barriers to achieving an integrated set of higher education financing policies?

### Tuition Policy

9. Who is responsible for developing and periodically revising state policy and methodologies for setting and adjusting tuition levels or establishing parameters within which institutions set and adjust tuition levels? What are the processes that ensure that these policies explicitly consider the following?
  - Median family income and the incomes of students in each institution or sector of postsecondary education
  - State demography, particularly the characteristics of the students and potential students affected by tuition increases
  - Availability of and increased need for financial assistance to students whose college enrollment would be jeopardized by increased costs
  - Impact on student debt

10. How does your state assure that affordability for students is given at least as much weight in the tuition-setting process as the revenue requests of institutions? Are data about affordability presented at the same time as data about institutional resource needs?
11. At what point in budget development are tuition rates set? Is tuition set early in the process, *before* decisions about institutions' budgets are made? Or is the tuition decision made to fill the gap after budgets are established and state appropriation levels known?
12. In what ways are the following factors considered in the tuition-setting process?
  - Tuition levels and policies in other states (This is often considered but serves to direct attention away from more important, in-state factors.)
  - Historical trends in tuition changes

## Shared Responsibility

13. Where and how are expectations articulated about the financial contributions of all parties — students, parents, the federal government, state government and individual colleges and universities? What mechanisms ensure students with the greatest need are given priority in the allocation of resources? What is the evidence that these mechanisms are working?

## Need-Based Student Financial Aid

14. What proportion of eligible students actually receives the full amount for which they are eligible under current criteria for the state's need-based aid program? In the competition for funds, which receives priority for allocation of new resources (or is protected from cuts): appropriations to institutions or student financial aid? What proportion of state financial aid is awarded to students with no demonstrated financial need?
15. What features of your state's student aid programs explicitly reflect alignment with state goals? What evidence is there that the intended alignment is effective?
16. What share of institutional grant aid is distributed to students from families with different levels of income? How do colleges and universities reflect state goals in their distribution of aid?
17. What proportion of grant aid from each major source — federal, state, and institutional — goes to students in different income categories? Using the state's definition of affordability, how much unmet need remains, for students in each income category, after all grant aid is distributed?
18. In the design of the state's student aid programs, what features ensure that the state fully leverages federal student aid programs?
19. What incentives are built into your state's student aid programs to promote students' timely completion of a program of study?
20. What provisions are in place to allow adult and part-time learners access to student financial aid funds?
21. What is the mechanism by which funding from sources other than state financial aid — Veterans Administration, employers, social services, for example — are bundled to provide support for adult students? What office is responsible for ensuring this integration? How are resources leveraged to support living expenses, child support and other costs borne by adult students?

22. What features of the state's need-based aid program are directly tied to tuition policy? For example, is there a cap on the amount of tuition that can be included in the cost-of-attendance calculation?

## Institutional Responsibility

23. What expectations are explicitly placed on individual colleges and universities to contribute to affordability by improving cost-effectiveness and productivity? Who established these expectations? What metrics are used to track compliance?

## Investments in Innovation

24. What investments has your state made in innovations explicitly designed to improve cost-effectiveness of educational delivery or institutional productivity? What is the evidence that these investments have improved affordability? What types of students have benefitted most?

## Student Debt

25. What are the trends in proportions of students who carry debt, and the average amount of that debt, for:
- Graduates
  - Students who leave higher education without earning a degree
  - Adults versus recent high school graduates
26. Is impact on student borrowing explicitly considered in the tuition-setting process? Are data comparing trends in tuition levels and trends in student debt regularly considered in the process?
27. What procedures do institutions have in place to dissuade students from borrowing more than needed? How do colleges and universities ensure that students are fully informed of their cumulative debt and annual repayment requirements?
28. How do the state and institutions reestablish financial aid eligibility for students who have previously enrolled and taken out loans, then dropped out and defaulted on their loans? How are the financial barriers associated with failure to repay prior loans being removed?
29. What features of state financing policy for higher education ensure students won't have to (or don't) borrow more than can be repaid comfortably given their likely future income levels?

## Financial Aid Implementation

30. Since no student financial aid program has resources sufficient to fund the needs of all eligible students, what procedures are in place to ensure that the neediest students — not simply those who apply first — are funded? In other words, what criteria are used to select recipients? Do these criteria yield results consistent with the goals of the program — and with the state's higher education priorities?
31. Are decisions regarding distribution of program funds made centrally, by a separate implementation entity? Or are these decisions (and separate pools of resources) delegated to institutions? If the latter, how does the state ensure that funds are distributed to the neediest students across the state?