



REDESIGNING STATE FINANCIAL AID



Opportunities for the State of Mississippi

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INTRODUCTION

Education Commission of the States believes changing student demographics, emerging educational delivery models, and shifting expectations for higher education from state policy leadership creates fertile ground for a redesign of state-based financial aid programs. To support intentional redesign conversations, Education Commission of the States facilitated a meeting of state financial aid experts, challenging them to take a clean sheet approach to rethinking approaches to state financial aid that would best align to the needs of today's students and support aggressive state postsecondary education goals.

The group of experts proposed and debated perspectives on program redesigns that were incremental and fundamental. After an iterative process, consensus emerged on a set of principles that optimistically seek to frame and advance state aid redesign conversations. These four key principles are intended to serve as guideposts for state policy leaders as they seek to rethink state financial aid policies and programs.

The four redesign principles- Student-Centered, Goal Driven and Data Informed, Timely and Flexible, and Broadly Inclusive- provide opportunities for the state of Mississippi to view their own state financial aid programs in new light. After a discussion of the Mississippi state aid policy landscape, we present a brief introduction to the four principles of state financial aid redesign. The final section of the analysis utilizes the redesign principles as a basis for policy recommendations specific to Mississippi.

MISSISSIPPI STATE AID POLICY LANDSCAPE

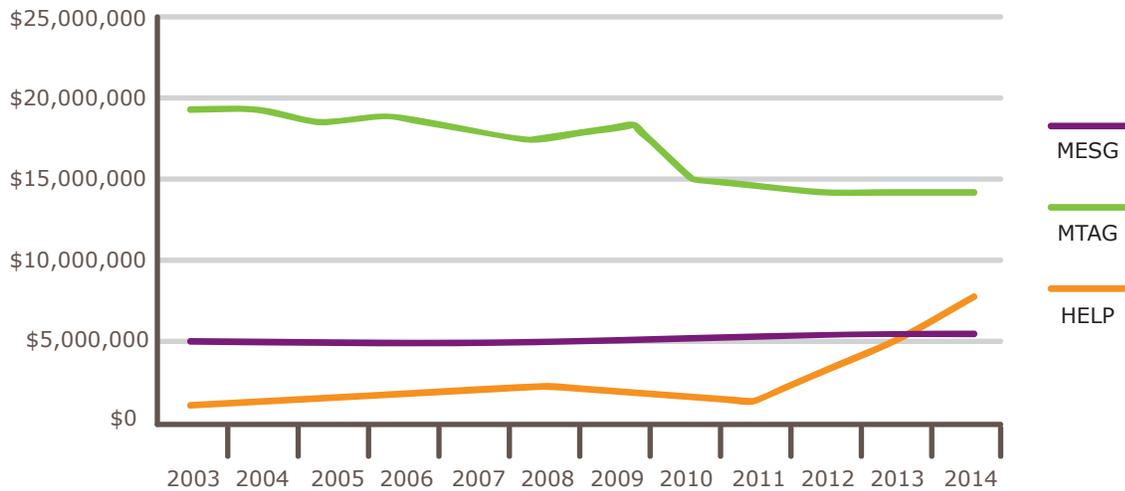
Across the country, state-funded financial aid programs are designed to support college-going for a variety of targeted student populations. The state of Mississippi currently operates a total of 26 such programs, with three in particular serving students matriculating directly from high school: the Mississippi Eminent Scholars Grant (MESG), the Higher Education Legislative Plan Grant (HELP), and the Mississippi Resident Tuition Assistance Grant (MTAG). Each of these programs has a distinct focus; while all three incorporate academic merit criteria, the specific merit requirements vary. Unlike MESG and MTAG, the HELP program adds a financial need eligibility requirement. Table 1 provides a summary of the main eligibility criteria for students in each of these programs.

TABLE 1: Summary of Eligibility Requirements for MESG, HELP, and MTAG

PROGRAM NAME	MINIMUM ACT SCORE	MINIMUM HIGH SCHOOL GPA	FINANCIAL NEED REQUIREMENT	ENROLLMENT REQUIREMENT	AWARD AMOUNT
Mississippi Eminent Scholars Grant (MESG)	29	3.5	None	Full-time	\$2,500 per year
Mississippi Resident Tuition Assistance Grant (MTAG)	15	2.5	None; excludes students with full Pell Grants	Full-time	\$500 per year for first two years, \$1,000 per year for third and fourth years
Higher Education Legislative Plan Grant (HELP)	20	2.5	Family income less than \$39,500 for 2015-2016, or up to \$42,500 for 2016-2017, plus \$5,000 for each additional dependent	Full-time	Required tuition and fees in a public institution, or equivalent in a private non-profit institution

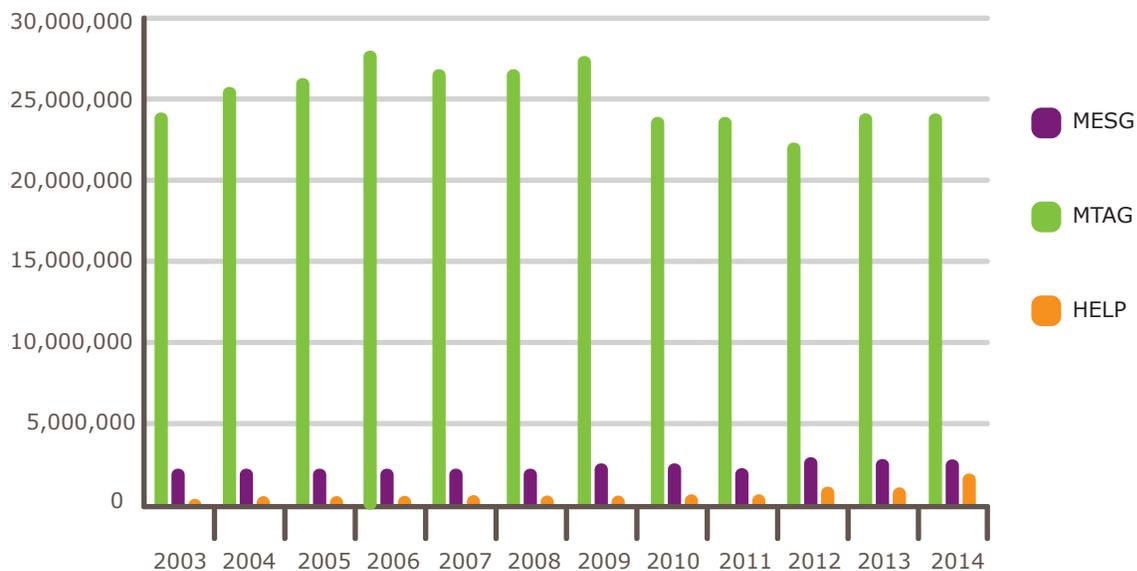
Over time, the number of eligible students and allocation of expenditures in each of these three programs has shifted. While MTAG remains the largest program in the state by expenditure and recipient count, the gap between MTAG and the other two major programs is narrowing. Notably, HELP has recently eclipsed MESG in terms of total expenditures and number of students served. Figures 1 and 2 display these changes from 2003-2014.

FIGURE 1: Annual Expenditures in MESG, MTAG, and HELP from 2003-2013



Source: National Association of State Student Grant and Aid Programs (NASSGAP). Figures presented in constant 2014 dollars.

FIGURE 2: Recipient Counts in MESG, MTAG, and HELP from 2003-2013



Source: NASSGAP. Note: These counts represent the count of unique students receiving awards each year, not a full-time equivalent student count.

This brief overview of MESG, MTAG, and HELP illustrates that the need-based HELP program is growing quickly, while MESG and MTAG are declining in size or remaining relatively steady. As the share of state financial aid expenditures and recipients served in each of these programs shifts, the state is faced with the opportunity to revisit their intent and overall coordination. To support states through the process of redesigning their state financial aid programs, Education Commission of the States tasked a group of state financial aid experts with crafting a new approach to aid. This group proposed four redesign principles intended to help states rethink program design that is aligned to student and state needs. These principles are explained in further detail, followed by an application of the four principles to the current state aid policy environment in Mississippi.

FOUR PRINCIPLES OF STATE FINANCIAL AID REDESIGN

Principle 1: Financial aid programs should be student centered.

Aid programs designed around students and their needs set students up for successful outcomes.

State financial aid is a benefit to students first, and is not purely a conduit for institutional support. Student-centered financial aid programs define students as the primary beneficiaries of aid programs, and, in the process, utilize dollars to support student access and success.

Placing students at the center of financial aid policy development requires that states review how students access the benefits of state aid programs. This has specific implications for how funding flows from the state to institutions, as well as student application and awarding processes.

Principle 2: Financial aid programs should be goal driven and data informed.

Aid programs should have a clearly defined and easily understood intent aligned with measurable state education and workforce goals.

Goal setting and effective use of data to monitor progress toward stated goals is an integral principle of state financial aid reform. Goals for state financial aid programs are intended to inform the direction of statewide aid policy development, adoption and change. A clear state goal creates common ground and presents an opportunity for state leaders to set the stage for institutional and student actions.

Setting a goal for what state aid programs are meant to achieve- whether that is enhancing access to higher education, promoting affordability, or incenting completion- must inform program design. Equally important to setting a goal for state financial aid programs is setting up the data reporting and capability to monitor progress towards these goals.

Principle 3: Financial aid programs should be timely and flexible.

Aid programs should provide financial support to students when it can have the greatest impact on enrollment and persistence decisions.

Many states employ explicit time structures and deadlines as a means to project budgetary needs and streamline administration. However, structuring programs around the passage of time has consequences such as limiting the program's reach into nontraditional student populations and new postsecondary delivery models. Time currently dominates the eligibility equation for state aid in several ways: the initial eligibility determination and subsequent awarding process, the duration of a state financial aid award and the required schedule for drawing down disbursements of state aid.

Principle 4: Financial aid programs should be broadly inclusive of all students' educational pathways.

Aid programs need to respond to the diverse enrollment options available to students.

Students enrolling in postsecondary education have a broad array of enrollment options available to them. Under current policy, state aid generally privileges full-time enrollment in two- and four-year degree-seeking programs. Full-time enrollment in traditional programs works well for many students, but not for all. As the variety of educational delivery models and enrollment options available to students diversifies, aid programs should adapt to allow for students to select options best designed to meet their needs. Practical applications of this redesign principle may include allowing aid programs to serve students enrolled in competency-based or prior learning-based programs and allowing students to mix full- and part-time enrollment as a strategy to persist to program completion.

The policy environments confronting state leaders considering these redesign principles are multifaceted. Yet while the specific needs may differ, all state leaders are facing the necessity of finding more effective methods for providing financial support to individuals seeking the skills and knowledge necessary in the 21st century. As leaders wrestle with decisions and policy options, it is imperative they are intentional about leading a redesign of state aid that results in greater access and success for today's college students. This discussion document supports the state of Mississippi in this effort by providing analysis and opportunities for the state to further align policy with the four redesign principles.

APPLICATIONS OF THE REDESIGN PRINCIPLES IN MISSISSIPPI

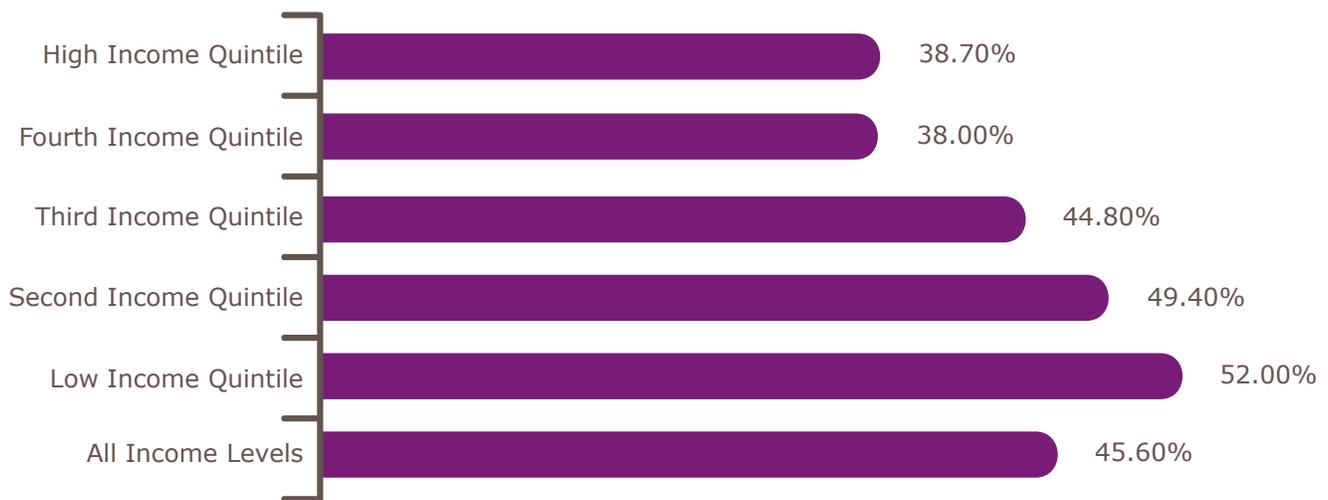
■ Principle 1: Student-Centered

State financial aid may be a strategic tool to encourage student enrollment and success, however, this potential can only be maximized if the state aid program design aligns with the populations that the state must target to reach their goals. Current program designs in MESG, MTAG, and HELP indicate a statewide preference for awarding high school students who matriculate directly into a state college or university. These students generally attain relatively high scores on the ACT and are required to enroll full-time in postsecondary education. Questions remain as to whether or not funding students who meet these criteria moves Mississippi towards its own strategic goals.ⁱ

Additionally, students who meet these criteria only represent a portion of the potential college-ready population within the state of Mississippi. In rethinking a student-centered focus to state financial aid programs, state policy leaders should examine data surrounding the potential college-going population within the state to determine which students may benefit the most from financial support, and how to align policy design to best serve the needs of this group. Census data indicate that a particular focus on low-income students may be a potential growth area for the state.

In Mississippi, low-income students comprise the largest share of 18-24 year olds who are not enrolled in postsecondary education. Low-income students especially stand to benefit the most from state-supported affordable college options. Reaching this population is a key step in reaching the state legislature's goal of increasing the educational attainment and skills level across the state.

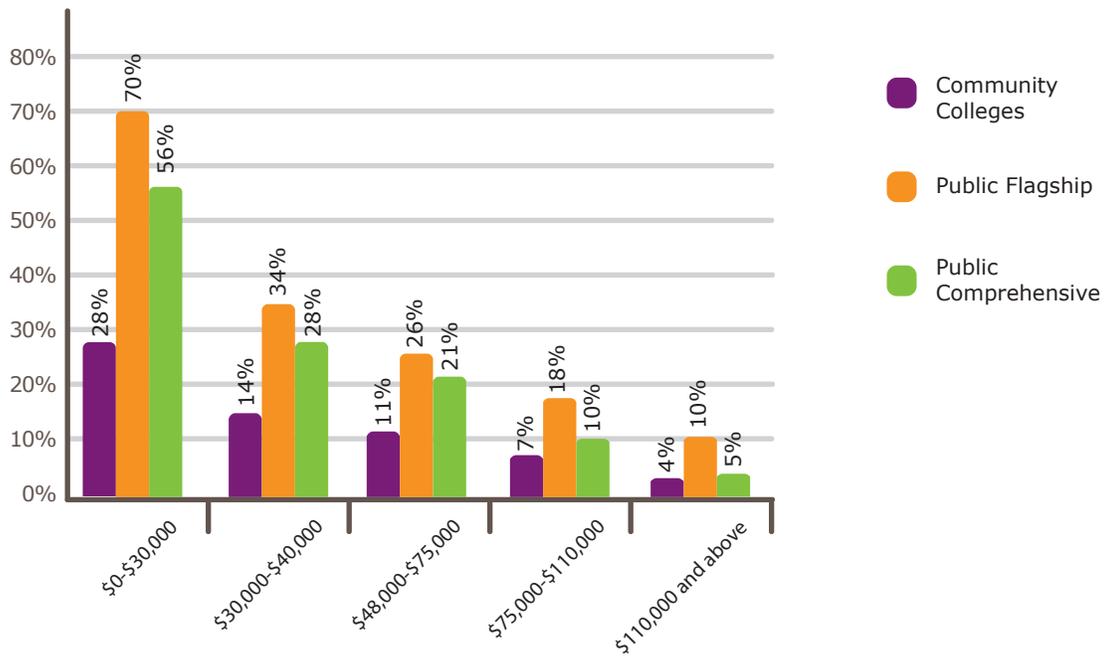
FIGURE 3: Percentage of 18-24 year olds not enrolled in college in Mississippi, by income quintile



Source: U.S. Census Bureau, 2011-2013 American Community Survey, Three-Year Public Use Microdata Sample

Data also indicate that to enroll, low-income students in Mississippi are expected to contribute a disproportionately large percentage of their annual income compared to their higher-income peers. In 2014, for example, students making \$30,000 or less would need to devote more than one quarter of their annual income to afford the average net price for community college. Should the student attend a four-year institution, they could be expected to allocate up to 70% of their annual income to meeting the net price of college.

FIGURE 4: Percentage of Average Income by Income Bands Needed to Meet Net College Price



Source: *Affordability of Public Higher Education in SREB States*

As income increases, the share of funds that students contribute towards higher education drastically decreases. Taken together with non-enrollment rates, these data indicate that the state may have more work to do when it comes to providing affordable college pathways for 18-24 year olds within the state.

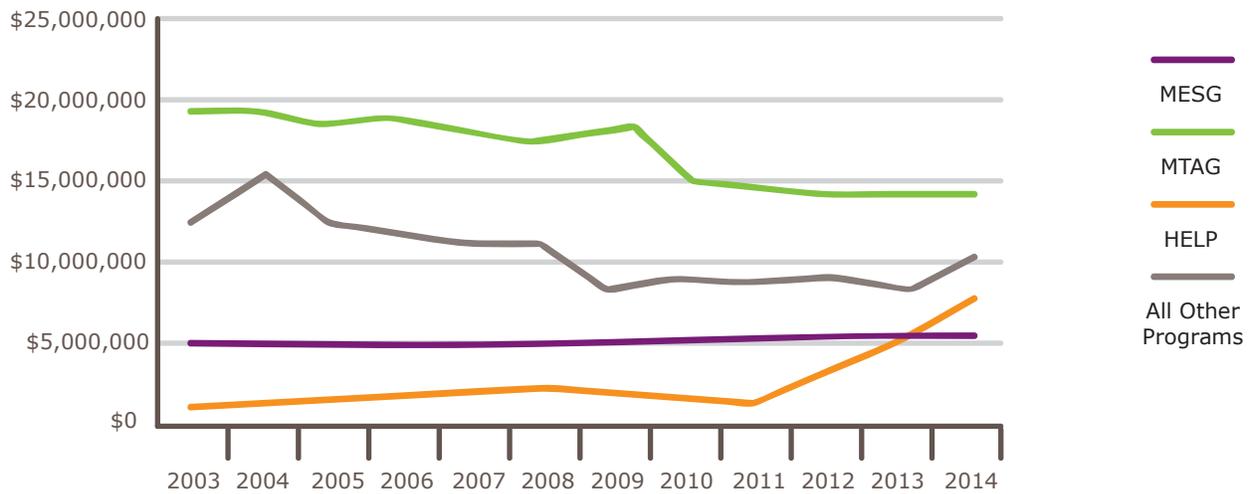
■ Principle 2: Goal-Driven, Data Informed

Strategic development of state financial aid policy is all but impossible without a clearly articulated goal informed by statewide data. Once a state has decided what it intends to achieve with state financial aid policy, efforts should be made to coordinate programs around this intent.

Within the state of Mississippi, the number of state aid programs has slowly grown over time. While 20 programs served students in 2007, five more have been added in the last eight years. Proposals to create new state aid programs are common across the country- nationally, about one in two proposed bills related to state aid in the 2015 legislative session designed entirely new programs- but these new proposals and ideas must be considered against an overarching goal for statewide policy development early in the policy process.

Absent coordination around a statewide goal, it may be relatively easy for the state to lose sight of what could be accomplished with a smaller number of large investments versus smaller investments in a variety of tailored programs. The figure below illustrates that while MESG, MTAG, and HELP are often thought of as the “main” programs in Mississippi, the sum of what is being spent on a variety of other smaller programs is larger than MESG or HELP. In some years, it was larger than MESG and HELP combined. Figure 5 displays the expenditures in MESG, MTAG, and HELP from 2003-2014, including the sum of expenditures in all other state aid programs.

FIGURE 5: Expenditures in all Mississippi state financial aid programs, 2003-2014



Source: NASSGAP. Note: All dollar figures are inflation-adjusted using the CPI-U.

While MESH, MTAG, and HELP are grant or scholarship programs that share a focus on high school students matriculating directly to college after high school, the foci of the other programs represented in Figure 5 are more diverse in terms of the program type and the students served. The majority of these programs are loan programs awarded to students on the condition of post-graduation employment. Many of these programs also focus on graduate education. Forgivable loans and focusing on graduate students may not be the most effective way to achieve the college completion outcomes that the state is seeking.

Continuing to utilize small investments in a large number of state aid programs with a variety of unique goals may be a legitimate approach for the state of Mississippi to continue pursuing. However, this approach should be taken with intentionality and with recognition for several tradeoffs that the state may be making:

- What are the administrative implications of operating a large number of programs, especially conditional loan programs?
- How can students access streamlined, easy to understand information about their state financial aid options?
- What outcomes are expected from each program, and are those outcomes being met? Is replicating an outcomes analysis across multiple programs a feasible endeavor for the state to undertake on a regular basis?

To facilitate a more granular discussion of these programs, how many students are served, and the expenditures made in each, Appendix A includes a full table with four years of historical data on each state program.

■ Principle 3: Timely and Flexible

Providing an opportunity for students to access state financial aid at a time when it may impact a student's enrollment decision is challenging- especially when deadlines are used to help align available resources with the number of students the state is able to serve. The use of deadlines for determining state aid eligibility is common across the states, however the approach should be selected with recognition for the possible tradeoffs from a student perspective and in light of other possible program design options.

Research demonstrates that students' college-choice processes are complicated and impacted by students' socioeconomic status.^{iv} While some students solidify plans with months to spare before the start of college, other students, who commonly lack knowledge and support in navigating the college choice process, may not be in a position to make decisions until closer to the start of the term. Additionally, the perception, or the actual reality, of insurmountable college costs impacts students' decisions vis-à-vis college attendance and when those decisions are ultimately made.^v

The timelines in Figure 6 outline the student application cycle for state financial aid in Mississippi for students matriculating to college in the 2015-2016 and 2017-2018 academic years.^{vi} While students applying for MESH or MTAG have a full nine months to complete the FAFSA and state application, students applying for HELP only have three months before they miss the opportunity to apply for funding. While earlier availability of the FAFSA and the use of previous year income data are intended to ease the application process in 2017-2018, the period of time between the application deadline and the start of college will remain unchanged.

Effectively, this puts the onus on low-income students to develop and solidify college plans much earlier than their peers in MESH or MTAG. Low-income students, who may not be able to rely on guidance about college from family, may be the least equipped to comply with these early deadlines and avail themselves of state financial aid.

FIGURE 6A: Financial Aid Application Timeline for 2015-2016 First Year College Students in Mississippi (current timeline)

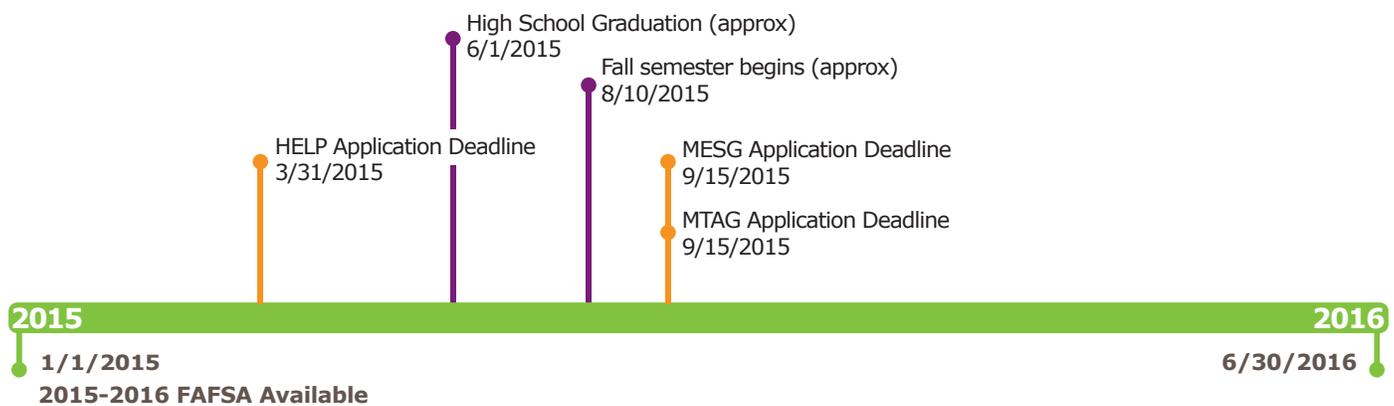
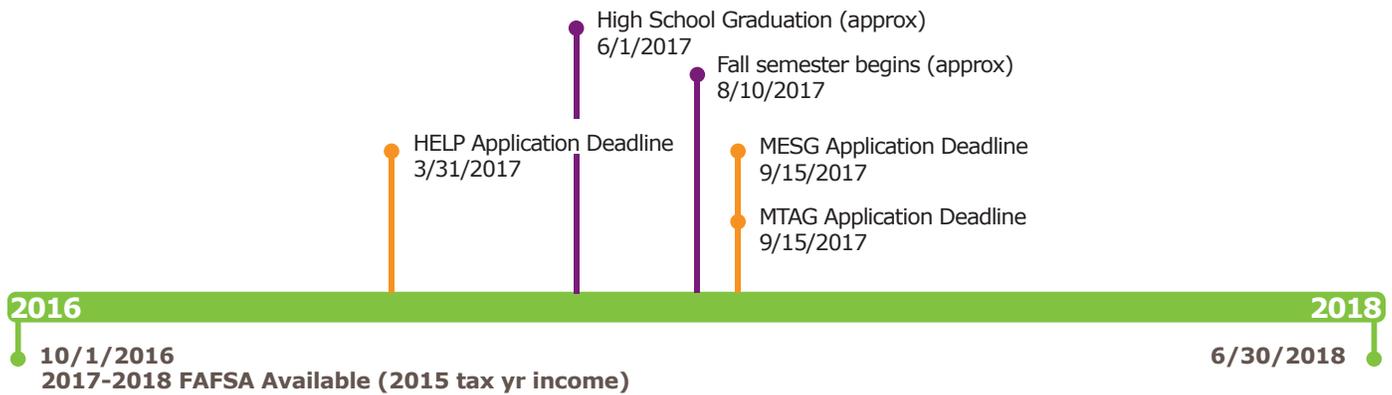


FIGURE 6B: Financial Aid Application Timeline for 2017-2018 First Year College Students in Mississippi (new timeline beginning in 2017-2018)



In sum, the early deadline for HELP likely keeps more students *out* of the program than *in* the program and may be incongruent with a focus on providing access without regard for ability to pay.

While many states rely on deadlines to ration budgets, states have begun to experiment with other models that tip the scales from a pure focus on the budget to one that includes a focus on student access and opportunity. For example, [Washington](#), [Indiana](#), and [Oklahoma](#) award need-based aid to students meeting established criteria in the middle and early high school years. These early promises of aid provide the state with the ability to budget effectively, and also allow students to translate their college aspirations into greater levels of college readiness in high school. In Oregon, new regulations are currently being developed to allow the Higher Education Coordinating Commission to establish several deadlines throughout the year, moving away from only one high-stakes opportunity to access state-funded need-based aid.^{vii}

■ Principle 4: Broadly Inclusive

Broadly inclusive state financial aid programs respond to the variety of enrollment options available to students today, including programs that are not purely measured in credit hours. Broadly inclusive programs also allow students to access aid disbursements at a variety of enrollment intensities and at multiple points throughout the calendar year. This flexibility allows students to calibrate the pace of their aid to the pace of credential completion.

Each of the three major state aid programs in Mississippi requires students to enroll full-time to maintain eligibility. However, nearly six in ten students enrolled in public postsecondary education in the fall of 2013 enrolled part-time.^{viii} Of 100 of the largest state financial aid programs across the country, less than one-third explicitly require full-time enrollment as a condition of the award.^{ix} While awarding practices across the states show less variation than the policy structures, having flexible policy in place may be a promising strategy to ensure that aid is consistently available to eligible students regardless of the number of credits they take in a particular term.

Recent policy proposals in several states, however, espouse an opposite approach; specifically, that dollars should be prioritized to full-time students, who face higher costs and have a purportedly greater likelihood of completing their credential. However, this is a supposition presented as fact; despite a lack of research supporting the notion that full-time enrollment is a primary, causal factor in degree completion. Researchers have yet to determine if full-time students are already likely to complete their credentials due to other factors, or if full-time enrollment actually *causes* students to complete their credentials at higher rates than part-time students. What we *do* know is that degree completion depends on a variety of factors both at the individual level and the policy level, and is not attributable to any one student trait, institutional characteristic, or policy framing.

In states that allow for part-time enrollment within state financial aid programs, policies are generally structured so that part-time students access pro-rated award amounts over a longer amount of time as opposed to a full-time amount limited to a set number of years. In Illinois, students must also meet credit hour benchmarks to maintain eligibility. This flexibility is matched with accountability; if students do not obtain junior or senior standing by the time 75 credits are funded, their funding eligibility is rescinded. This program structure shows that it is possible to provide greater degrees of flexibility for students in terms of enrollment intensity, while still ultimately incenting degree completion.

FINAL THOUGHTS

The state of Mississippi has devoted significant resources to ensuring affordable postsecondary options for resident students. These programs have helped high-achieving students complete college credentials in their home state. While the original intent of MESH and MTAG is to retain high-merit students within Mississippi's borders, the extent to which this goal is being achieved is unclear.

At the same time, the state is called to realign resources around a new goal- to increase educational attainment of all working-age adults to the national average by 2025.^{xi} To meet this ambitious goal, the state will need to target new groups of students that have been historically underrepresented in postsecondary education. Experts on state aid policy worked with Education Commission of the States over the last year to develop four inter-related principles of state financial aid redesign that support states through this process. In applying these principles to the state of Mississippi, we find that policy could become more:

- **Student-centered**, by aligning to the needs of low-income students that have modest enrollment rates.
- **Goal-driven and data informed**, by aligning multiple programs under one unifying approach.
- **Timely and flexible**, by rethinking how time dominates the aid eligibility equation in Mississippi.
- **Broadly inclusive**, by allowing students to prime the pace and amount of their financial aid disbursements with the pace of credential completion.

These new approaches are presented to begin a conversation on the role of financial aid programs in meeting the state's goals. Education Commission of the States remains available to assist policy leaders in thinking through these proposals.

APPENDIX A

Historical data for all Mississippi state-funded financial aid programs, 2011-2014

PROGRAM NAME	UNDERGRADUATE OR GRADUATE FOCUS	TYPE	2011		2012		2013		2014	
			TOTAL EXPENDITURE	RECIPIENT COUNT						
Counseling and School Administration Forgivable Loan	Graduate	Conditional grant or loan	\$92,484	38	\$62,670	25	\$87,141	38	\$69,875	33
Critical Needs Alternate Route Forgivable Loan	Undergraduate	Conditional grant or loan	\$34,259	3	\$54,517	4	\$115,457	9	\$70,198	6
Critical Needs Dyslexia Therapy Forgivable Loan	Graduate	Conditional grant or loan							\$97,335	21
Critical Needs Teacher Forgivable Loan	Undergraduate	Conditional grant or loan	\$1,938,323	151	\$2,212,551	170	\$2,398,845	183	\$2,820,670	200
Family Protection Specialist Social Worker Forgivable Loan	Undergraduate or Graduate	Conditional grant or loan					\$5,845	1	\$5,574	1
Graduate and Professional Degree Forgivable Loan	Graduate	Conditional grant or loan	\$89,355	11	\$55,951	7	\$34,656	5	\$50,319	6
Graduate Teacher Forgivable Loan	Graduate	Conditional grant or loan	\$156,288	97	\$178,100	98	\$173,774	85	\$166,200	88
Health Care Professions Forgivable Loan	Undergraduate or Graduate	Conditional grant or loan	\$1,579	1	\$6,177	3	\$15,497	9	\$9,000	4
Law Enforcement; Firemen	Undergraduate	Grant or scholarship	\$188,078	21	\$223,133	30	\$117,971	14	\$189,498	23
Mississippi Eminent Scholars Grant	Undergraduate	Grant or scholarship	\$5,062,570	2,019	\$5,284,265	2,156	\$5,296,861	2,189	\$5,388,245	2,261
Mississippi Resident Tuition Grant	Undergraduate	Grant or scholarship	\$14,712,863	23,297	\$14,062,843	22,490	\$14,105,899	23,481	\$14,051,117	23,871
Mississippi Teacher Loan Repayment		Loan assumption or forgiveness	\$470,596	153	\$622,710	211	\$578,919	196	\$593,749	203

PROGRAM NAME	UNDERGRADUATE OR GRADUATE FOCUS	TYPE	2011		2012		2013		2014	
			TOTAL EXPENDITURE	RECIPIENT COUNT						
MS Higher Ed. Legislative Plan	Undergraduate	Grant or scholarship	\$1,608,407	316	\$3,246,379	652	\$4,931,250	918	\$7,443,326	1,381
MS LEAP	Undergraduate	Grant or scholarship	\$1,000,455	1,339						
Nursing Education Forgivable Loan	Undergraduate or Graduate	Conditional grant or loan	\$1,191,001	332	\$1,616,853	465	\$1,400,896	419	\$1,680,317	492
Nursing Teacher Stipend	Graduate	Conditional grant or loan	\$84,196	9	\$143,098	14	\$93,492	10	\$300,000	29
Public Management Graduate Intern	Graduate	Grant or scholarship	\$20,207	7	\$35,002	12	\$17,276	7	\$17,000	4
SREB Doctoral Scholars Forgivable Loan	Graduate	Conditional grant or loan	\$52,622	2	\$77,211	3	\$101,622	4	\$100,000	4
SREB Regional Contract Program for Optometry and Osteopathic Medicine	Graduate	Conditional grant or loan	\$582,213	40	\$537,337	37	\$496,323	33	\$504,900	33
State Dental Education Forgivable Loan	Graduate	Conditional grant or loan	\$52,191	3	\$133,534	7	\$187,767	9	\$489,155	22
State Medical Education Forgivable Loan	Graduate	Conditional grant or loan	\$98,818	6	\$118,167	7	\$288,606	15	\$387,470	17
Summer Developmental Grant	Undergraduate	Grant or scholarship	\$789,334	203	\$768,255	198	\$777,526	146	\$881,364	217
Teacher Education Scholars Forgivable Loan	Undergraduate	Conditional grant or loan							\$182,387	13
Veterinary Medicine Minority Forgivable Loan	Graduate	Conditional grant or loan			\$19,058	1	\$36,606	2	\$56,046	3
William Winter Alternate Route Forgivable Loan	Undergraduate	Conditional grant or loan			\$18,531	5	\$22,357	6	\$2,000	1
William Winter Forgivable Loan	Undergraduate	Conditional grant or loan	\$1,705,313	456	\$2,099,254	566	\$1,947,069	536	\$1,658,214	466

*All dollar amounts are presented in current 2014 dollars using the CPI-U.

ENDNOTES

- i. Sarah Allin, *Financial Aid in Mississippi: How three state-funded programs affect college enrollment and degree attainment* (Cambridge, MA: Harvard University, 2015)
- ii. Patrick Callan, William Doyle, Joni Finney and Darcie Harvey, *Mississippi Affordability Profile* (Southern Regional Education Board, 2014)
- iii. William Bowen, Martin Kurzweil and Eugene Tobin, *Equity and Excellence in American Higher Education*. (Charlottesville: University of Virginia Press, 2005).
- iv. Patricia McDonough, *Choosing Colleges: How Social Class and Schools Structure Opportunity*. (Albany: State University of New York Press, 1997).
- v. Laura W. Perna, “Understanding the Relationship between Information about College Prices and Financial Aid and Students’ College-Related Behaviors,” *American Behavioral Scientist*, vol. 49, no. 12, (2006): 1620-1635.
- vi. Beginning in the 2017-2018 school year, students will have access to the FAFSA beginning on October 1 rather than January 1, and will complete the form using tax data from two years prior to beginning postsecondary education.
- vii. Oregon House Bill 2407, 2015.
- viii. “Table 304.35: Total fall enrollment in public degree-granting postsecondary institutions, by attendance status, sex, and state or jurisdiction: 2012 and 2013,” National Center for Education Statistics, https://nces.ed.gov/programs/digest/d14/tables/dt14_304.35.asp (accessed November 19, 2015).
- ix. “50-State Financial Aid Database,” Education Commission of the States, <http://www.statefinancialaidredesign.org> (accessed November 19, 2015).
- x. Ibid, Allin.
- xi. Mississippi House Bill 1071, 2010.

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