

2019 Search for Solutions-Shared Dialogues

Issue #2: How Can We Best Address Unmet Need?

Background

Reflecting growth in both college and general living costs and growth inequities in the income distribution in the United States, the levels of unmet need after all expected family contributions and grants and discounts are taken into account have reached critical levels for the bottom two quartiles of the family income distribution.

Equity Indicator 3c: Unmet financial need of dependent full-time undergraduates by family income quartile: 1990 to 2016



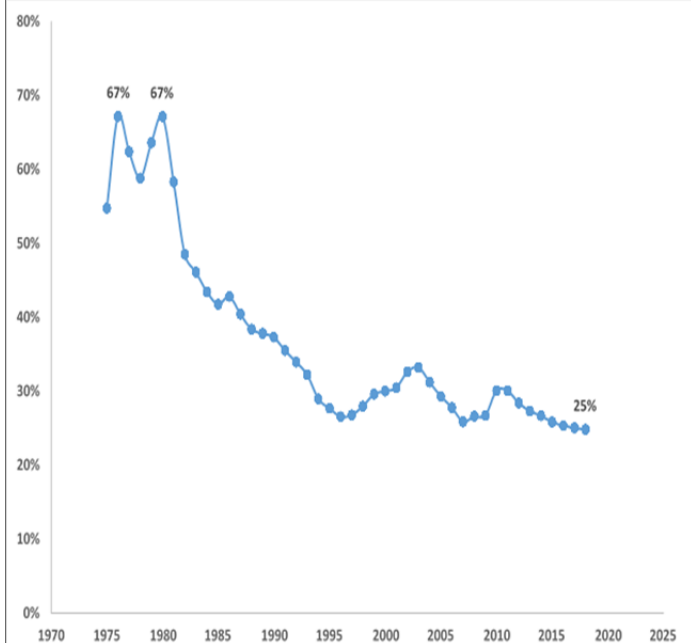
Indicator Status: High Inequality

For dependent full-time undergraduates in the lowest family-income quartile, average unmet financial need was 2.5 times higher in 2016 than in 1990 (in constant 2016 dollars).

NOTE: Data points are for years when NPSAS was conducted: 1990, 1993, 1996, 2000, 2004, 2008, 2012 and 2016. Unmet need is defined as what remains after Expected Family Contribution (EFC) and all discounts and grants that do not have to be repaid are subtracted from average COA. Loans are not considered in this calculation.

SOURCE: U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS), 1990, 1993, 1996, 2000, 2004, 2008, 2012 and 2016, as analyzed by Tom Mortenson and published in "Trends in Financial Barriers to Higher Education For Dependent Undergraduate Students 1990 to 2016," *Postsecondary Education Opportunity*, 300. Retrieved from www.postsecondary.org

Equity Indicator 3b(ii): Percentage of average college costs (tuition and required fees plus room and board) covered by the maximum Pell Grant: 1974-75 to 2017-18 (constant 2017-18 dollars)



Indicator Status: Declining Opportunity

In constant 2017-18 dollars, the percentage of average college costs covered by the maximum Pell Grant declined from 67 percent in 1975-76 to 28 percent in 1995-96. In 2017-18, the maximum Pell Grant covered 25 percent of college costs.

NOTE: Figure 3b(ii) shows the maximum Pell Grant as a percent of average college cost weighted by full-time undergraduate enrollment, among all types of institutions.

SOURCE: U.S. Department of Education (2018). *Summary Pell Grant Statistics for Cross-Year Comparison, Pell End of Year Report*, various years. Retrieved from <https://www2.ed.gov/finaid/prof/resources/data/pell-data.html>; College Board. *Trends in Student Aid* Retrieved from <https://trends.collegeboard.org/student-aid>; National Center for Education Statistics (2018). *Digest of Education Statistics 2018*, [Table 330.10]. Retrieved from https://nces.ed.gov/ipeds/data/digest/d18/tables/dt18_330.10.asp?current=yes

Policy Proposals Addressing Unmet Need

Several presidential candidates have put forward proposals to address this issue and other approaches are already being implemented by states and localities.

Please discuss the following possible Policy Proposals (and feel free to add additional approaches) as well as the questions under each proposal.

- Do you view a version of such a proposal as a sound approach to the problem?
- What would be important variables to consider in crafting such a proposal?
- Do you think sufficient resources could be identified to implement such a proposal? Would those resources most likely be federal, state, or local?
- What obstacles do you see in implementing such a policy?
- What obstacles do you see to securing support for such a policy?
- Are there possible unintended consequences of implementing such a policy?

Free College

“Free College” is generally shorthand for “free tuition” proposals for publicly supported two- and four-year colleges. These proposals – which in campaign documents have been priced between \$50 billion and \$100 billion – usually are seen as operating through federal/state partnerships.

Debt Free College

Debt Free College programs also tend to utilize a federal/state partnership as the structuring mechanism, sometimes combined with a major infusion of dollars for the Pell Grant program. Unlike Free College programs, Debt Free College proposals include the other elements of “need” into the equation – in addition to tuition. Typically this includes room and board, transportation, books and childcare. Like some Free College proposals, Debt Free College proposals have a \$100 billion price tag.

College Promise Programs

Several hundred state and local College Promise programs have developed to provide financial resources for college. While they vary greatly, College Promise programs can be best defined as place-based programs that incentivize college enrollment by guaranteeing admission, transfer credit or financial support for students who meet select criteria. Not all College Promise programs target aid towards students with demonstrated financial need. Some focus solely on enrollment at one specific type of institution (e.g., two-year public institutions). Additionally, many College Promise programs provide “last dollar” scholarships that are limited only to tuition costs.