

# A Strategy for Improving Access to Higher Education

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# Wisconsin's Private Colleges and Universities

- Educating students since 1846
- Providing higher education to more than 55,000 students annually
- Granting more than 11,000 degrees each year

## In 2003-2004:

- Headcount enrollment: 55,697
- 11.73% minority enrollment
- 42% "non-traditional" students aged 25 or over

# Private colleges produce:

- 26% of bachelor's degrees
- 30.8% of teacher education graduates (DPI report)
- 55% of education graduates certified to teach math (DPI report)
- 52% of nursing graduates with 4-year degrees (WNA report)

## From 1980 to 2000:

- African-American enrollment in WAICU institutions up 121%, compared to 56% nationally (ACE report)
- Hispanic enrollment up 212%
- Asian enrollment up 382%

# Working Together



# Working Together

- Seamless transfers with UW institutions
- Numerous articulation agreements with Wisconsin Technical Colleges

# More College Grads Needed

Wisconsin ranks 30th among the  
states in the percentage of  
population with college degrees

**--U.S. Census**

# More College Grads Needed

Wisconsin needs 150,000 more baccalaureate degree holders in its workforce to meet the U.S. per capita income average.

**--Wisconsin Technology Council, *Vision 2020***

# Demographics Are Working Against Us

- “Baby Bust” later this decade
- Overall decline in number of high school graduates
- Increases in the proportion of H.S. graduates who are low-income and minority (minority high school grads will represent 40% of total by 2012)

--Postsecondary Education Opportunity, Mar. 2003

Low-income, minority, and adult students must attend college in greater numbers if we are to realize the public and private benefits of greater educational attainment.

# Wisconsin Is Moving in the Wrong Direction

- Percentage of Pell Grant (low-income) students in 4-year institutions in Wisconsin fell by nearly 6% between 1992-1993 and 2000-2001.
- Wisconsin's decline in the percentage of Pell enrollments ranks us 42<sup>nd</sup> in the nation.

*--Postsecondary Education Opportunity, Mar. 2003*

# Pell Grant Percentages 2001

- Public 2-year: 22.2%
- Private nonprofit 4-year: 21.6
- Public 4-year: 19.3%

*--Postsecondary Education Opportunity, Mar. 2004*

How do we make higher  
education possible for  
more low-income, minority,  
and adult students?

# Low Tuition Not the Answer

- Rankings on low-income participation were measured in a period during which UW tuition was among the lowest in the Big Ten.
- In 2001-2002, Wisconsin's private colleges, with high sticker prices, enrolled slightly higher percentages of the neediest students, and slightly lower percentages of the richest students, than did the UW System (HEAB Report, 2003).

# Estimated Family Contribution (EFC)

	% EFC \$0	% EFC \$1-\$1,999	% EFC \$2,000- \$2,999	% EFC \$3,000 - \$3,999	% EFC \$4,000+
Private	13.05%	16.40%	6.74%	6.18%	56.60%
UW System	12.35%	14.53%	6.85%	6.67%	58.73%

--HEAB tables prepared 2/7/2003, Exhibits L and T

# The WAICU Model

Need-based financial aid  
is the key to  
low-income participation

# Net Cost

Sticker price

- Financial aid

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= Out-of-pocket  
expenses

# Average Net Cost at Wisconsin's Private Colleges, 2002-2003

Tuition & fees	\$16,977
- Financial aid	- \$13,299
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= Out-of-pocket expenses	\$ 3,678

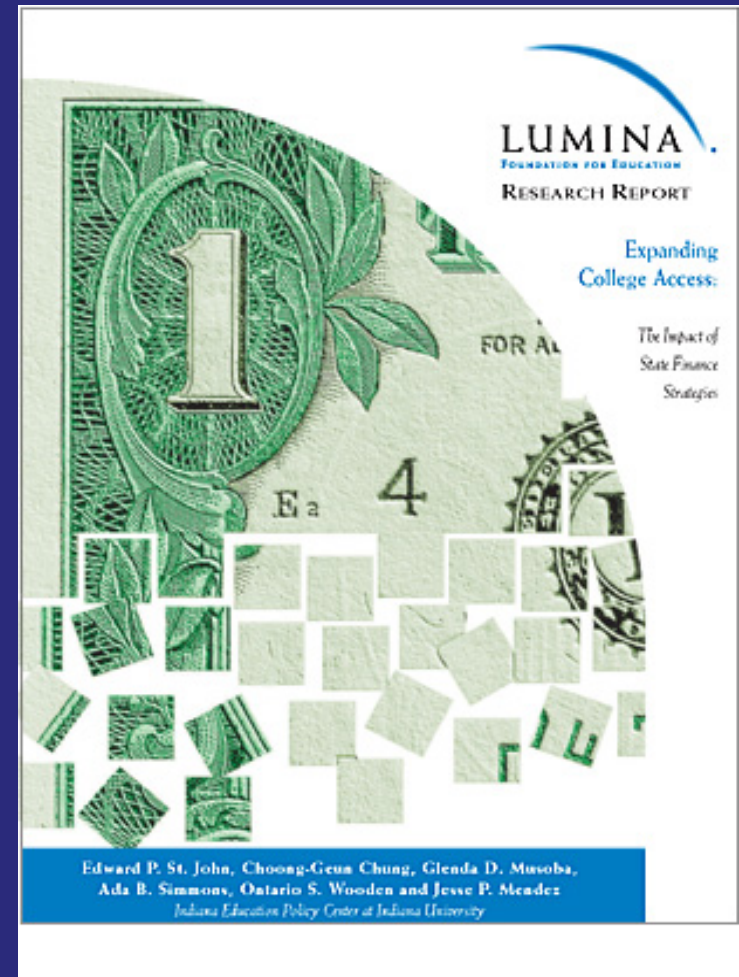
95% of full-time freshmen received aid.

# Average Financial Aid Package at Wisconsin's Private Colleges, 2002-2003

75% grant aid

25% loans

# “Expanding College Access: The Impact of State Finance Strategies”



Lumina Foundation Report, Feb. 2004

“Need-based grants had a substantial, positive influence on enrollment rates. (...) States should coordinate need-based grants with public-sector tuition charges as a means of promoting financial access for students who are prepared for college.”

- “To maintain access for low-income students, states must raise funding for need-based grants.”
- “Provide a maximum need-based award equaling public tuition”
- “Raise state grants as tuition increases.”

## An example:

Counter a tuition increase of \$1,000 with \$250 in need-based grant aid per FTE (maintaining low tuition would cost an additional \$1,000 per student).

- This means state taxpayer investment in financial aid is more productive than institutional subsidies; i.e., it costs taxpayers less.
- State budgetary resources are likely to be constrained in the future. Priority must be given to the most productive investments.

“Had states coordinated increases in need-based grants with increases in tuition, an estimated 1.21 million additional students would have enrolled in the 1990s. Investing sufficiently in student grants represents an efficient use of tax dollars.”

“(T)he public investments in higher education would become more efficient and more progressive. That is, higher-income families would pay the ‘market’ price for college, while state support would make that price more affordable for moderate- and low-income families.”

# Additional Research

A need-based financial aid program more than doubled the likelihood that low-income students would attend college.

-- Report by E. St. John and S. Hu, April 14, 2004 on the Washington State Grant program

“Substantial savings to state taxpayers can be generated by improved targeting of state tax dollars in the form of grants to students who need aid the most.”

-- F. Fischer, “State Financing of Higher Education, *Change*, Jan-Feb. 1990.

“A cost-based tuition/need-based aid policy . . . would have minimal impact decreasing enrollment among wealthier students, would encourage enrollment among lower-income students, and would more efficiently allocate state tax dollars.”

-- J. Wahl, “A Bigger Bang for the Buck: Achieving Efficiency and Equity in Higher Education,” Jan. 2002

"The biggest problem in pricing tuition at public universities is not that the poor pay too much, but that the rich pay too little. Tuition increases are a good idea as long as they are matched with financial aid, including scholarships, for poor students."

-- A Edlin and I. Ayres, "Why Legislating Low Tuitions for State Colleges is a Mistake: They Just Subsidize the Rich," *FindLaw's Legal Commentary*, Oct. 30, 2003

# Non-Traditional Students

Need-based financial aid is the key to persistence and degree completion among adult learners.

-- R. Wlodkowski et al, "Learning in the Fast Lane: Adult Learners' Persistence and Success in Accelerated College Programs," Lumina Foundation, August 2001.

High Tuition/  
High Aid

# Lumina Report Conclusion

Increased state investment in keeping tuition low does not yield as many low-income students, and the taxpayer cost per student increases.

# Focus on Financial Aid, Not Tuition

- It's equitable
- It works to increase low-income, minority, and adult participation
- It costs taxpayers less

# In Minnesota:

- Median income of \$60,000, compared to \$45,000 in Wisconsin
- Minnesota ranks 11<sup>th</sup> in the percentage of the population with bachelor's degrees, compared to 30<sup>th</sup> for Wisconsin

# Minnesota State Grant Program

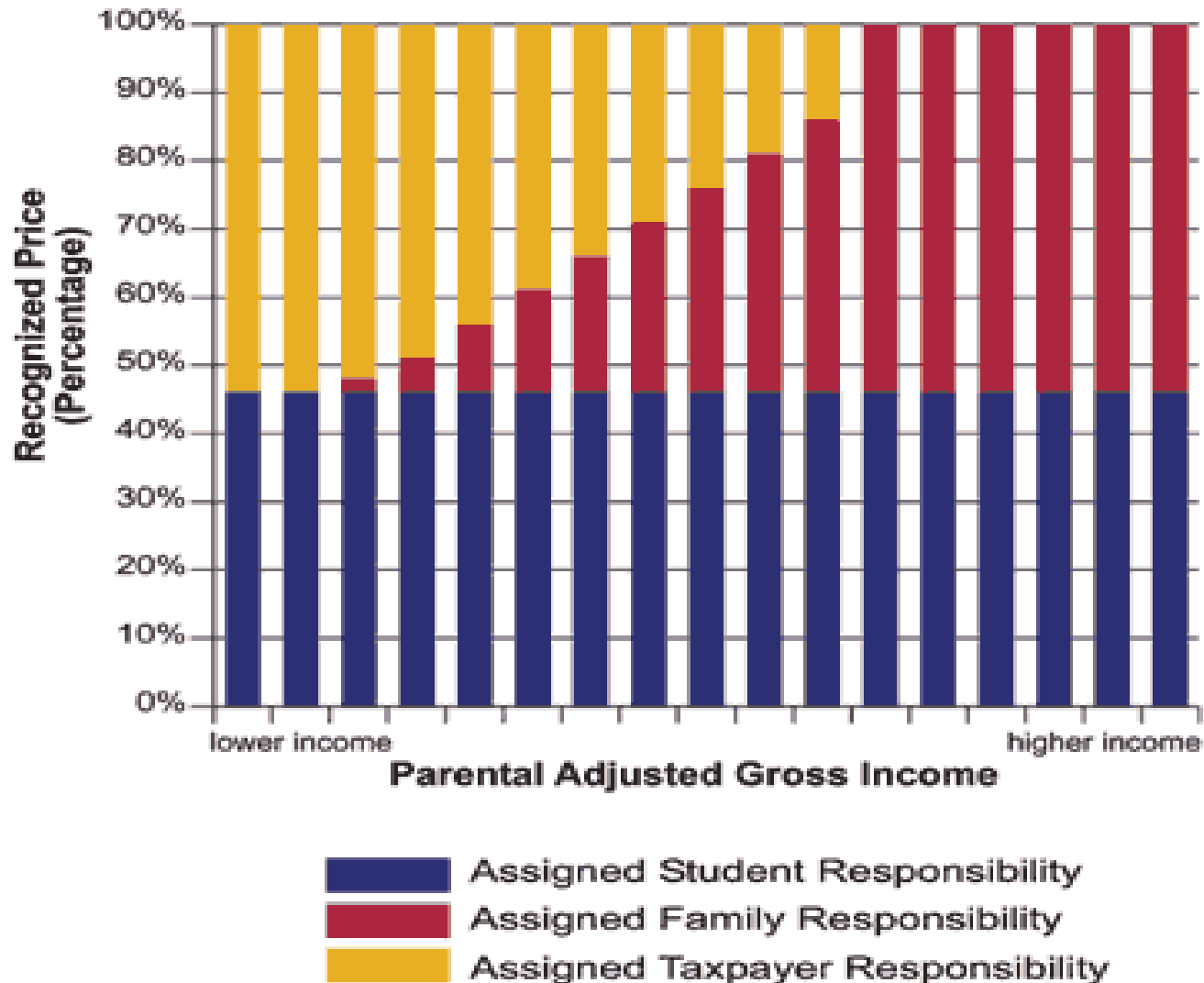
- FY 2003: \$133.6 million granted to more than 72,000 low- and moderate-income students.
- Total Wisconsin need-based aid in FY 2003: \$67 million granted to 58,782 students.
- Pop.: MN: 4.92 million; WI 5.36 million

# "Design for Shared Responsibility"

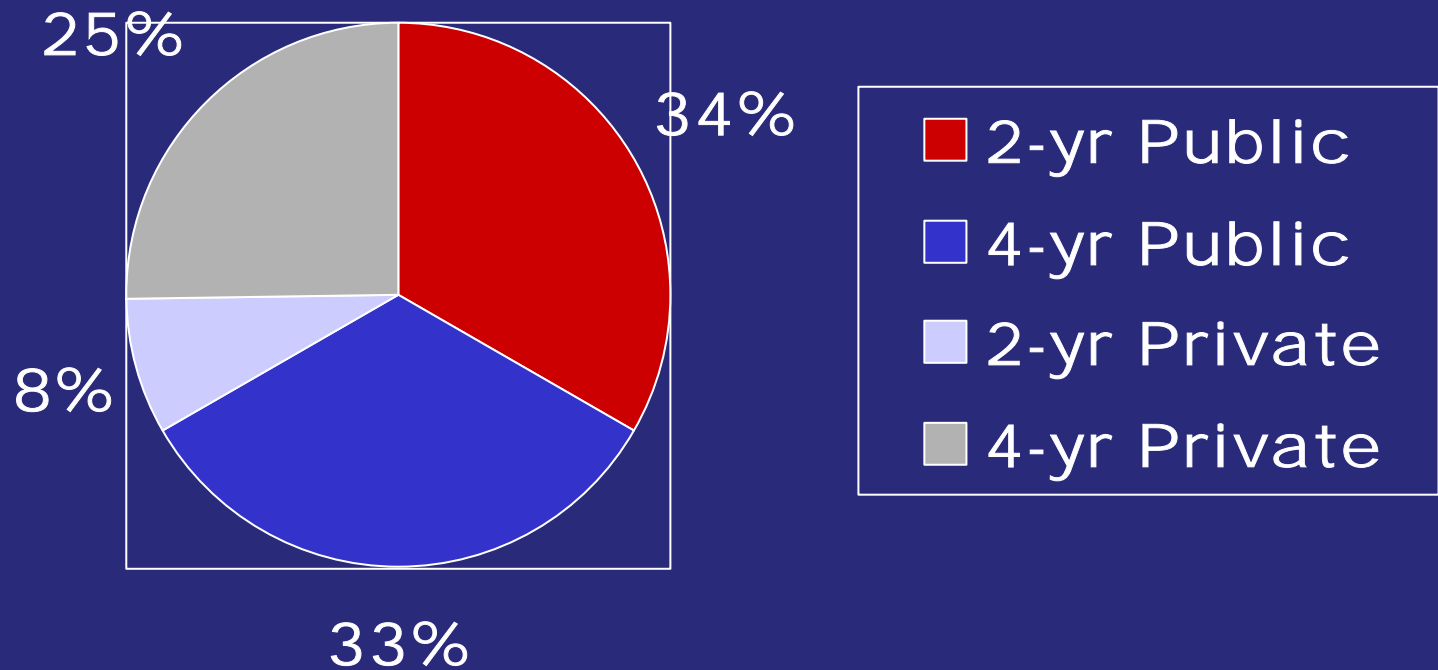
- Acknowledge the student's responsibility to invest in his or her future (savings, loans, work-study)
- Reduce the disproportionate burden on low- and moderate-income families
- Allow the student to choose the postsecondary institution that best meets his or her needs.

# Minnesota State Grant Program Design for Shared Responsibility

At four-year institutions, only the first \$8,983 of a student's tuition and fees are considered for financial aid assistance.



# Minnesota Grant Recipients by Sector, FY 2003



# Low-Income Enrollment in Minnesota

- 92% of Minnesota State Grants awarded to families with incomes under \$60,000/year
- "The State Grant Program is an investment in open campus doors" (*Minneapolis Star Tribune*, May 5, 2004)

How can we maximize  
higher education  
participation in  
Wisconsin?

# A Statewide Solution

- All higher education sectors—UW System, Technical College System, private colleges and universities—must be involved
- All Wisconsin citizens attending Wisconsin colleges and universities need to be included

# The Wisconsin Grant

- Would combine UW-WHEEG, WTCS-WHEEG, and WTG
- Would incorporate separate state grants for minorities, nursing students, Talent Incentive Program, etc.

# The Wisconsin Grant: Benefits

- Simplify administration
- Reduce the disproportionate burden on Wisconsin's low- and moderate-income families through increased aid
- Use state tax dollars more efficiently

# The Wisconsin Grant: A Win-Win Situation

- More students attend college
- All higher-education sectors can flourish and work together
- The State of Wisconsin enjoys a better return on its investment

# High Tuition/ High Aid

An idea whose time has  
come



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