Financial Aid, College Access, and the Millennium Scholarship Impact

Excerpts from Recent Studies at http://www.unr.edu/ia/research/

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College Access

A National Problem?
A UNR Problem?
Statement by the Congressional Advisory Committee on Student Financial Aid (ACSFA):

- In academic year 2001-02, the ACSFA estimates that 406,000 college-qualified high school graduates from low- and moderate-income families were prevented from enrolling in a four-year college. (ACSFA, 2002, p. 27., Burd, 2002)

Lack of Access for the College Prepared?

National College-Ready Population vs. Enrolled Population at 4-Year Degree-Granting Institutions

From anecdotes to data: 
*It is highly unlikely that there are many qualified students unable to enter college due to lack of money, as the 4-year college-going rate (35%) surpasses the readiness rate (34%)*

Source: Greene & Winters (2005), NCES (January, July 2005)
Why the Discrepancy between the ACSFA and the Numbers Reported Here?

• **The Congressional ACSFA defines** “college prepared” as “minimally qualified” based on
  - Highest score among high school GPA, class rank, NCES aptitude test, or ACT/SAT score, as used in the NCES college-readiness index (see Berkner & Chavez, 1997)
  - Thus, a GPA of 2.7 or an ACT score of 19 is considered ‘min qualified’ according to NCES index. (Greene & Winter, 2005)
  - At UNR, ACT less than 21 requires remediation; minimum admission GPA is 2.75; UNR is less selective than lower-tier 4-year CA universities (i.e., Cal State)
  - ACSFA minimum qualification criteria are too low to ensure college readiness !!!

Why the Discrepancy between the ACSFA and the Numbers Reported Here?

• **Greene Method** (Greene & Winter, 2005) apply three, more meaningful criteria to define “college prepared”:
  - **Estimate of high school graduation rate** based on diploma recipients reported by the US Dept of Ed CCD and adjusted smoothed 9th grade cohort estimate
  - Transcript screen based on **minimum high school coursework required** by least selective 4-year colleges in CA, TX, FL, NY, IL, and MI; estimates extended to other states
  - **NAEP reading score** of at least 265 (i.e. minimal proficiency) based on representative sample from NAEP Transcript Study
Critics Scramble to Question the Greene & Winter Study  (...and my rebuttal in italics)

  - High-income students ($90K up) are almost three times more likely to obtain an UG-degree compared to low-income students ($35K)
  - Money is but one factor influencing graduation.
  - Bright low-income children fail to enroll at 4-year colleges due to average unmet need of $3,800, according to the ACSFA.
  - Flawed data remain flawed—no matter how often they are used; in contrast, we face mounting numbers of remedial college students!
  - “Isn’t it possible that the numbers [from Greene & Winter] line up so neatly because some dumb rich kids are attending college, while smart poor kids are being shut out?”
  - Highly unlikely, since ethnic/racial data show same results; yet, income levels vary significantly at that level.
  - “Controlling for ability, low-income students are less likely to attend college than high-income students.”
  - There are no enrollment rate differences between low and middle income students or ethnicity/race for high school graduates who complete required steps to attend a 4-year college (i.e., take admission test, meet min standards, fill out application) (see Berkner, Chavez, 1997)

*R Senior fellow, Century Foundation

State-Funded Merit Scholarship Programs

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“The Hope Scholarship in Georgia began to open the door for this type of aid. Other states quickly followed, displacing need-based aid in the process.” 1 (statement from a 2005 EPI report)

Dr. Watson Scott Swail
President, Educational Policy Institute

1 http://www.educationalpolicy.org/pdf/PPMerit.pdf
**Fact:**

Nationwide, state-funded need-based grants* grew by $1.75 billion versus $1.10 billion for non-need-based grants between 1993 and 2003.

(Source: NASSGAP 2003-04 Academic Year Survey, pp. 4, 9)

*Need based on EFC, remaining cost, or income

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**Nevada Higher Education Financial Aid by Source**

(based on total $, excluding Grants-in-Aid and Student Employment)

Nevada's federal grant assistance to low-income students is up since start of the Millennium Scholarship; total need-based state grants are up 7.4% between 1999 and 2004.

(Source: NASSGAP 2003-04 Academic Year Survey, p. 4, 9)

*Institutional/private grants and scholarships
Debt Burden of College Graduates by Parental Income

Employed Bachelor’s degree recipients in repayment a year later; monthly loan payment as a percentage of monthly income.

Middle-income graduates saw their debt burden rise between 1994 and 2001


Debt Burden of College Graduates by Income Group

Median debt burden:

Employed Bachelor’s degree recipients in repayment a year later; monthly loan payment as a percentage of monthly income.

Debt burden for graduates with low income employment declined between 1994 and 2001

Debt Burden of College Graduates by Parental Income

Employed Bachelor’s degree recipients in repayment a year later; monthly loan payment as a percentage of monthly income.

*Caucasian and Hispanic graduates saw their debt burden rise between 1994 and 2001*


Nevada College Continuation Rate

% of NV high school graduates enrolled as first-time, degree-seeking college students in the fall semester immediately following graduation

In-state college-going rate of Nevada high school graduates rose by 10 percentage points since introduction of the Millennium Scholarship, 18 percentage points since 1998!

College-ready high-school grad pool is needed to yield more meaningful picture

The Millennium Scholarship

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Impact on Institutional Access and Scholarship Participation at UNR

Note: All UNR figures exclude part-time, foreign, non-degree seeking, and athlete students
Geared for College
Percent of New Full-Time Freshmen
Earning College Credits Prior to Initial Fall Enrollment
Fall Semester 2000-2003 Cohorts

AP, IB, or summer credits significantly increase freshmen persistence into the second year—controlling for academic prep!!

New Full-Time Freshmen by Family Income
Fall Semesters, NV High School Graduates

Percentage of low-income high school graduates in NV in 2002: 10.5 (WICHE, 2005)
Proportion of new freshmen with scholarship offers more than doubled, from 34% to 71%, after start of the Millennium Scholarship, with the vast majority among all ethnic/racial groups benefiting from it.
The Millennium Scholarship

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Financial Impact on New Freshmen

Composition of Financial Aid Offers
New Full-Time Freshmen
Fall Semesters, NV High School Graduates
Proportion of new freshmen on scholarships more than doubled since start of the Millennium program, while grant aid to low-income students was maintained.

Size of Pell grants went up after start of Millennium Scholarship and proportion of students with offers rose for most groups.
Loan Offers to Low-Income* Students
(New Full-Time Freshmen, Fall Semesters, NV High School Graduates)

By Academic Preparation

Subsidized loans
Unsubsidized loans

Fewer low-income students chose loans and borrowed less after start of the Millennium Scholarship, regardless of their level of academic preparation.

* Less than $30,000 annual income

Gift Aid Offers to Low-Income* Students
(New Full-Time Freshmen, Fall Semesters, NV High School Graduates)

By Academic Preparation

Scholarships (all types)
Grants (all types)

Amount of gift aid increased for virtually all low-income freshmen after start of the Millennium Scholarship, regardless of their academic preparation, with a growing proportion relying on scholarships.

* Less than $30,000 annual income
Academic Preparation and First-Semester Aid
New Full-Time Freshmen with Pell Grant Aid
Fall Semester 2000-2003 Cohorts

*Including SAT-only students
Unmet Financial Need of Lower Income Freshmen
(Fall Semesters, NV High School Graduates, Annual Amount)

Millennium program initially reduced the proportion of low-income students with unmet need and the amount of unmet need, but its fixed award value is outpaced by rising cost-of-living expenses that widen unmet need.

Annual Percentage Change: Unmet Need vs. Tuition
(Fall Semester New Freshmen, NV High School Graduates, Annual Amount)

Introduction of the Millennium Scholarship did not lead to larger hikes in tuition cost, which contribute little to rising unmet need.
The Millennium Scholarship

Subsequent Eligibility Status of Freshmen Millennium Students

Millennium Scholarship Status at End of First Semester
New Full-Time Freshmen, Fall Semesters 2000-2003, NV High School Graduates
Millennium Scholarship Status at End of Second Sem.
New Full-Time Freshmen, Fall Semesters 2000-2003, NV High School Graduates

Acad Prep: Bottom Quartile

- Eligible, no initial Mill. (23.9%)
- Maintains eligibility (w/ %) (80.6%)
- Regains eligibility (w/ %) (15.8%)
- Continues ineligibility (w/ %) (12.9%)
- Lost eligibility (w/ %) (34.7%)
- HS grad ineligible (0.0%)
- Did not return (0.0%)

Acad Prep: Top Quartile

- Eligible, no initial Mill. (24.1%)
- Maintains eligibility (w/ %) (86.5%)
- Regains eligibility (w/ %) (34.7%)
- Continues ineligibility (w/ %) (12.9%)
- Lost eligibility (w/ %) (34.7%)
- HS grad ineligible (0.0%)
- Did not return (0.0%)

*Excl. Asian Am.

Number and Percentage of New Freshmen Losing the Scholarship after the First Year

College cumulative GPA requirement lifted from 2.0 to 2.6

Many academically marginal students enter with Millennium Scholarships
Forty percent of Millennium students are in need of remediation based on ACT/SAT placement scores at UNR. Sixty-five percent of all new freshmen at UNR are in need of remediation under California State University System standards!

The Millennium Scholarship

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Stemming the alleged ‘Brain Drain’ in Nevada?
Composite English Math

ACT Scores

Enrolled out of state (N = 131, or 2.4% of all second-year enrolled students, who started with Millennium aid)

*High school preparation index

Millennium Freshmen by Second-Year Enrollment: Returners vs. Those Transferring Out of State
Fall Semester 2000-2003 Cohorts

Academic Indicators

Enrolled out of state: N = 281 or 6% of all third-year enrolled students; they make up 30% of all transfer-out students (i.e. 70% transfer to other in-state institutions)

1st year; ^Rescaled for charting; *High school preparation index

Millennium Freshmen by Third-Year Enrollment: Returners vs. Transfer-Out Students
Fall Semester 2000-2002 Cohorts

Enrolled out of state: N = 281 or 6% of all third-year enrolled students; they make up 30% of all transfer-out students (i.e. 70% transfer to other in-state institutions)
Academic Preparation
and
Financial Aid at UNR

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Profile by Student
Ethnicity/Race

First-Year Financial Aid Package
Full-Time Freshmen, Fall Semester 2000-2003 Cohorts
## Academic Preparation and First-Semester Aid
New Full-Time Freshmen with Millennium Scholarship
Fall Semester 2000-2003 Cohorts

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<thead>
<tr>
<th>Average ACT* of Recipients</th>
<th>Average Mill S’ship (in $100s)</th>
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*Including SAT-only students

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## First-Semester GPA and Second-Semester Aid
New Full-Time Freshmen from NV High Schools with Merit Aid
Fall Semester 2000-2003 Cohorts

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<th>1st Sem GPA of Recipients</th>
<th>Average Merit Aid (in $1,000s)</th>
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Academic Preparation and First-Semester Aid
New Full-Time Freshmen with Any Type of Aid
Fall Semester 2000-2003 Cohorts

Average ACT* of Recipients  Average Aid (in $100s)

- African Am
- Hispanic
- Native Am
- Asian Am
- Caucasian
- Unknown

*Including SAT-only students

Academic Preparation and First-Semester Aid
New Full-Time Freshmen from NV High Schools with Any Type of Aid
Fall Semester 2000-2003 Cohorts

Average ACT* of Recipients  Average Aid (in $100s)

- African Am
- Hispanic
- Native Am
- Asian Am
- Caucasian
- Unknown

*Including SAT-only students
Academic Preparation and First-Semester Aid
New Full-Time Freshmen with Need-Based Aid
Fall Semester 2000-2003 Cohorts

Average ACT* of Recipients
Average Need-Based Aid (in $100s)
Remaining Need (in $100s)

- African Am
- Hispanic
- Native Am
- Asian Am
- Caucasian
- Unknown

% of Recipients % of Population

*Including SAT-only students

First-Semester Aid of Low-Income* Students
New Full-Time Freshmen, Fall Semester 2000-2003 Cohorts
Average Disbursement by Type

- Unsub
- Loans
- Inst
- Pells
- Grants

- African Am
- Hispanic
- Native Am
- Asian Am
- Caucasian

*Less than $30,000 (constant 2003-$)
First-Sem Aid of Low-Income* Students
New Full-Time Freshmen, Fall Semester 2000-2003 Cohorts
Average Disbursement by Type and Remaining 1st Year Need

*Less than $30,000 (constant 2003-$); ^average composite score

First-Sem Aid of Lower-Mid Income* Students
New Full-Time Freshmen, Fall Semester 2000-2003 Cohorts
Average Disbursement by Type

*$30-50K (constant 2003-$)
Academic Preparation and First-Semester Aid
New Full-Time Freshmen from NV High Schools with Unsubsidized Loans
Fall Semester 2000-2003 Cohorts

Average ACT* of Recipients
Average Unsub Loan (in $100s)

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*Including SAT-only students

The Millennium Scholarship
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Conclusion
• Access since start of the Millennium Scholarship
  – Higher college-going rate at institution and statewide
  – Proportional enrollment for low-income students (i.e., no under-enrollment)
  – Faster growth among minority students

• Millennium participation
  – Majority of all students among all ethnic/racial groups

• Millennium impact on financial support
  – Millennium Scholarship is principal source of aid, less of other type
  – Grant aid to low-income students has been maintained, amount and proportion of beneficiaries is up
  – Low-income students, regardless of academic preparation, rely less on debt-incurring aid such as loans
  – Unmet need for low-income students has been reduced, but trend of growing unmet need remains unaffected as cost of living outpaces growth in aid; it is not clear, however, whether unmet need outpaces disposable income after factoring in the expected family contribution (EFC)
• Millennium eligibility status after initial enrollment
  – Second-semester *ineligibility is strongly associated with low academic preparation, but not with income background or ethnicity/race*
  – Nearly 40 percent of new freshmen in 2003 lost the Scholarship at the end of the first year—a rate that almost doubled since 2000 as the college GPA eligibility requirement increased from 2.0 to 2.6 in 2003.
  – Minorities (except Asian Americans) are more likely to lose the Scholarship due to low academic preparation compared to Caucasians
  – Academically well-prepared students are three times more likely to retain scholarship eligibility throughout the first year compared to low-prepared students—regardless of ethnicity/race, income background, or socioeconomic status of the high school attended*

*see high school attributes study at http://www.unr.edu/ia/research/

• Millennium students transferring out of state within two years
  – Few students with Millennium aid transfer to out of state institutions
  – On average, they do worse academically than those continuing at UNR, except for a handful of students that enroll at a higher-tier universities out of state
  – In sum, there is little evidence suggesting a ‘brain drain’ to out of state institutions based on UNR data
References: