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The Importance of Partnerships in State Financial Aid Research

By Sarah Pingel and Dustin Weeden

In this essay, we explore the importance of state financial aid programs for both states and the students they serve. Effective state financial aid policy benefits from rigorous research that engages partners from a variety of roles, such as state agencies, legislative staff, and intermediary organizations. It also benefits from the engagement of financial aid professionals. This essay supports the key role played by each of these stakeholders in the execution and dissemination of research projects related to state aid programs.

Keywords: *research, practice, state financial aid policy*

State-level actors such as legislators, their staff, and higher education agency leadership have always played a primary role in U.S. education policy development and implementation; however, a new wave of federal actions—and inactions—points to their ever-increasing prominence. States' growing roles in education policy development may be attributed to recent legislation; specifically, the implementation of the Every Student Succeeds Act (ESSA) and ongoing delays in reauthorizing the Higher Education Act (HEA) mean that states will likely see increasing latitude and flexibility from federal policy across K-12 and higher education. Additionally, more than half of the states have adopted aggressive attainment goals that call upon state leadership to increase rates of enrollment and completion, especially among students traditionally underrepresented in postsecondary education. Meeting these goals will continue to require increased engagement in education policy development across state-level stakeholders.

As states assume growing roles in education policy decisions, state policy leadership is changing. In 2016, 12 states held governors' races resulting in eight new governors and four incumbents taking office. Over 2017 and 2018, a total of 36 gubernatorial elections will take place. Given that 18 of those governors are term limited, states will see a minimum of 26 new governors in office within the coming year. Turnover in state legislatures has also increased in recent years. Following the 2016 elections, 1,265 newly elected state legislators began serving in this role for the first time. In states with term limits, it is not unusual for new members to make up 30%-40% of a chamber in a given year.

Therefore, the timeliness of this *Journal* special issue on researcher and practitioner partnerships cannot be overstated. The confluence of increasing state responsibility in education policy, new gubernatorial leadership, and new legislators creates fertile ground for researchers and practitioners to work together to educate those new to their roles. Historically, however, research on state-level financial aid programs is rare in comparison to federally focused research. In addition, the practitioner voice can often be missing from higher education research, or implications for practitioners are often not drawn out explicitly.

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In this essay, we make the case for the key role state financial aid programs play in students' educational pathways. We follow with lessons that we have learned at the Education Commission of the States (ECS) and the National Conference of State Legislatures (NCSL) in engaging state agencies and legislatures in research related to aid programs, followed by our experiences as intermediary organizations simultaneously engaged with policymakers, state agency staff, and institutional practitioners. We conclude with suggested areas for future research-oriented partnerships intended to inform a new generation of state education policy leadership.

The Importance of State Financial Aid Programs

In 2015, states provided over \$12.5 billion in support of 4.6 million students enrolled in postsecondary programs across the country (National Association of State Student Grant and Aid Programs [NASSGAP], 2016). While this amounts to only a fraction of the financial aid provided through the federal programs, state aid programs are a significant benefit to students and comprise a significant portion of states' higher education budgets. Over time, states have historically increased their investment in financial aid programs, as shown in Figure 1.

Beyond aggregate numbers, individual states show relatively small degrees of change when it comes to year-to-year expenditures in financial aid programs. Figure 2 shows the five-year percent change in state financial aid expenditures across all award types (e.g., grants, scholarships, loans, work-study). In fact, 20 states experienced changes of less than 10% over this five-year timeframe. While several states on outlying ends of the spectrum have undergone larger changes, 37 states have either increased their state aid investments or undergone decreases of 10% or less.

This consistency in funding should not be read, however, as a lack of legislative interest in the programs. As of September 5, 2017, a total of 381 pieces of legislation related to state aid programs have been introduced in 2016-17 state legislative sessions in 49 states plus the District of Columbia (Education Commission of the States, 2017). Several states routinely consider 20 or more bills related to state aid programs in any one legislative session (Education Commission of the States, 2017). The purpose of this immense volume of legislation is varied, with bills ranging from simple program appropriations to entirely new program enactments. The fact that relatively few of these proposed measures make it to the governor's desk (only 42 have passed) means that while interest is high, action is relatively low. In other words, both programming and funding tend to remain on an even keel from year-to-year.

Even with the strong legislative interest in creating and modifying financial aid programs, there is immense competition for limited state resources, and higher education spending tends to be the most discretionary item in state budgets. Medicaid (White & Crane, 2015), pensions (Munnell, Jean-Pierre, Hurwitz, & Quinby, 2011), obsolete tax systems (Russo, 2010), and the business cycle (Hovey, 1999; Delaney & Doyle, 2011) all affect how much tax revenue is collected and which expenditure categories are prioritized. State revenues have slowly rebounded since recessionary lows, allowing aggregate higher education funding to realize year-over-year increases in the majority of states since 2013. However, revenue estimates for fiscal years 2017 and 2018 are not as positive. Based on a mid-year survey of fiscal offices, nearly half of the states assessing sales taxes missed revenue projections (National Conference of State Legislatures, 2017). Consequently, several states had to close mid-year budget gaps, which resulted in reductions in higher education spending.

In addition to the competition between budget categories, there is also competition within budget categories for state resources. Within the higher education budget category, states must decide how to allocate funding for direct appropriations to institutions, financial aid programs, and capital projects.

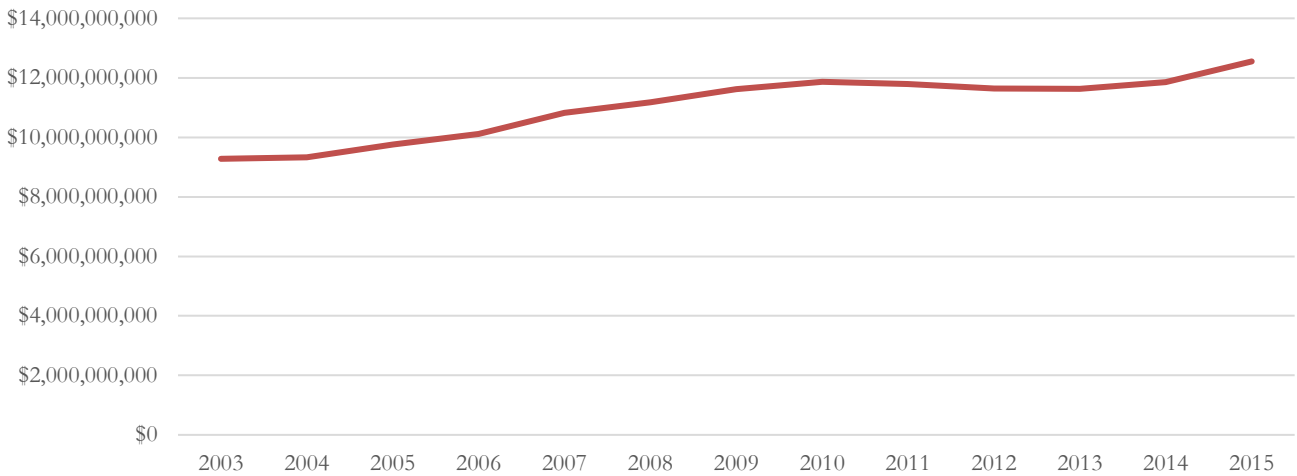


Figure 1. Total disbursements in state financial aid programs, 2003-2015. All figures are adjusted to 2016 constant dollars. Authors' calculations from 2003-2015 administrations of the NASSGAP survey, National Association of State Student Grant and Aid Programs. Retrieved from <http://www.nassgap.org/viewrepository.aspx?categoryID=3>.

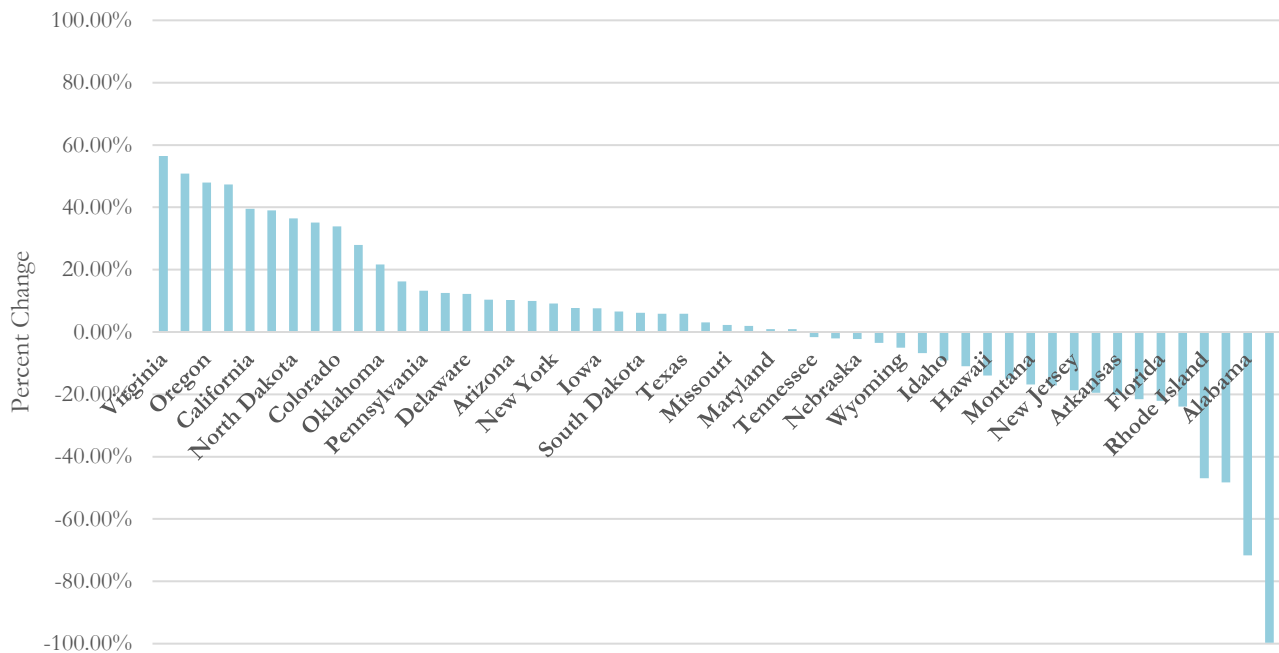


Figure 2. Five-year percent change in state financial aid program expenditures, 2011-2015. Authors' calculations from 2003-2015 administrations of the NASSGAP survey, National Association of State Student Grant and Aid Programs. Retrieved from <http://www.nassgap.org/viewrepository.aspx?categoryID=3>.

Financial aid programs are not always the first funding priority; in fact, some states have reduced allocations for financial aid programs in order to increase direct appropriations to institutions. While direct appropriations are not financial aid in a targeted sense, the state appropriation subsidy does allow public institutions to charge a lower tuition price. This lower price can often become the focus of legislative efforts to provide financial support to students. In 2015, the state of Washington enacted tuition reductions of 5%-20% at all public institutions. The state backfilled the entire amount of the foregone revenue through

increased funding for each college and university. To help pay for the more than \$200 million increase in higher education spending, the total amount of state dollars allocated to financial aid programs was reduced.

The Washington example illustrates the pressure tuition and direct appropriation concerns can have on decisions of elected officials. Tuition and direct appropriation decisions also have vocal constituencies in the form of institutions lobbying for their share of the appropriations pie, and students and families—especially middle- and upper-income families—lobbying for lower tuition rates. Other external factors, including federal mandates, can also influence higher education funding allocations. Studying the maintenance of effort provision in the American Recovery and Reinvestment Act of 2009, Delaney (2014) provides additional evidence that states must make difficult decisions about how much funding to allocate for direct appropriations and financial aid programs. Specifically, Delaney found evidence that in order to meet the maintenance of effort funding levels, states reduced funding for financial aid programs.

With Medicaid spending expected to increase in the coming years (White & Turner, 2015) and the nation due—based on historic economic cycles—for a recession (NBER Business Cycle Dating Committee, 2011), states need high-quality information to make difficult decisions about funding tradeoffs each budget cycle. Empirical research on the utility and impact of state-level financial aid programs can influence the difficult funding decisions states will be making in the coming years. There is real and growing interest in financial aid programs at the state level as evidenced by the quantity of bills introduced in recent years. Moreover, financial aid programs can typically be implemented or piloted at a fraction of the cost of a tuition freeze or direct appropriation increase. For example, the state of Nevada created the need-based Silver State Opportunity Grant Program in 2015, with a total appropriation of \$5 million for the biennium. When states do experiment with new financial aid programs, research can play an instrumental role in future funding or renewal decisions, as it is much more difficult to cut or reduce funding for a program with clear evidence of an effective track record.

Research must be rigorous and timely to aid state lawmakers and policymakers in introducing and ultimately passing legislation related to financial aid programs, as well as in making funding decisions about which programs to prioritize. Such research also benefits from engaged financial aid administrators who can provide unparalleled insight into state financial aid programs. In the following sections, we explore three key players in the execution and dissemination of aid-related research projects: state agency staff, legislative staff, and intermediary organizations. Involving these groups in research efforts is key to enhancing the relevance and utility of aid-focused research intending to impact policy.

State Agencies

While states vary in terms of their overall coordination of higher education generally, most utilize a centralized agency to administer state aid dollars. These agencies may be departments of higher education, coordinating or governing boards, or state-level offices led by a state higher education executive officer (SHEEO). In centralized states, such as Pennsylvania or Vermont, the state-level agency (the Pennsylvania Higher Education Assistance Authority and the Vermont Student Assistance Corporation, respectively) sets up processes for selecting recipients and assigns award amounts directly to students.]. Decentralized states, such as Colorado, use formulae or other processes to assign allocations of state aid funding to institutions, which then select recipients and award amounts. In Colorado, the responsibility to assign campus-level aid allocations falls to the Colorado Department of Higher Education. In both centralized and decentralized states, state statute often assigns regulatory authority to a designated state-level agency to set requirements more specific to those found in statute. In all three state examples, the respective agencies are granted statutory responsibility to promulgate regulations related to state aid programs—a major role in policy implementation.

In addition to their role in administering state aid programs, state agencies are often called upon to set agendas in state financial aid policy. Policymakers often look to state financial aid agencies to keep them abreast of funding needs and desired policy changes. State agency staff are also generally acutely aware of the policy-relevant research questions that pertain to their programs, but often lack the capacity to carry out such projects on their own. For these reasons, engaging state financial aid agency staff in the formulation, execution, and dissemination phases of state-level research projects are key.

Legislative Staff

The importance of legislative staff in modern state legislatures cannot be overstated. Between legislator term limits and frequent turnover in general, legislative staff are the institutional memory, the content experts, and frequently the agenda setters in many states. Legislative staff can be partisan or nonpartisan. Staff also serve a variety of functions including staffing specific committees, drafting bills, conducting research, and serving as personal staff for particular legislatures or caucuses. In small states, one staff member may serve multiple functions; in larger states, staff tend to be more specialized and have particular roles.

“Does it work?” is a question frequently asked by legislators when discussing a policy proposal. Legislative staff—and legislators—regularly seek information identifying the effectiveness of policies implemented by other states. Discussions dedicated to how to better connect the research and policy communities often figure prominently in higher education research conference agendas.

While there is always room for improvement, we have seen a number of cases where academic research has influenced the course of policy action. For example, the experience of two legislative staff members from separate states during a recent policy debate illustrates how research findings are used and are representative of many interactions we have with legislative staff. Recently a policy idea was diffusing across many states, but the empirical research in support of the policy proposal was, at best, mixed. Two legislative staff members in two separate states, each of whom had doctoral-level experience in reviewing research, were asked to recommend a course of action. Both staff members stated they found little empirical support for the policy idea and could not recommend implementing the policy. In both states the bills in question did not pass. Not all legislative staff have been trained as researchers through doctoral programs or have the time to review research like the two in this example. As a result, many staff turn to intermediary organizations for assistance.

Intermediary Organizations

Intermediary organizations, such as ECS and NCSL, sit between the research community and state policy leaders. We serve an important role as third-party advisors to policy leaders looking for solutions to problems that can be improved through the enactment and effective implementation of policy reform. As analysts at intermediary organizations, we often engage in original research to explore policy-relevant questions in states and remain aware of findings emerging from fellow researchers.

Intermediary organizations can serve as effective partners in determining policy-relevant research questions and have several methods for disseminating findings to key decision makers. First, we interact with legislators, legislative staff, agency staff, members of the media, and other stakeholders on a daily basis. Through these regular conversations, we synthesize research findings and help constituents think through the implications of the results. Second, we disseminate research findings and discuss policy implications through policy briefs. These briefs highlight and translate research findings for a wider audience than we can communicate with on a personal basis. Finally, we convene stakeholders at all levels of state policymaking

on numerous occasions during the year. These meetings not only serve as peer-learning opportunities for our constituents, but they also allow us an opportunity to highlight relevant research findings.

ECS and NCSL serve a unique role as intermediary organizations for legislative staff. Our organizations co-sponsor the Legislative Education Staff Network (LESN). Legislative staff who work on education policy in any capacity are eligible to join the network and connect with colleagues from around the country. LESN members have access to a listserv to ask questions and share information with nearly 400 colleagues. Legislative staff researching a particular topic idea post questions to the listserv to seek information regarding how many other states have implemented a policy proposal and the experience after implementation. A monthly newsletter also disseminates the latest research reports and publications, and LESN members have the opportunity to attend at least two seminars each year focusing on education topics and often led by researchers discussing their findings.

Suggested Areas for Future Partnership

Based on our experience in conducting and disseminating aid-oriented research with diverse partners and audiences, we conclude by offering several suggested areas where collaborations between practitioners and researchers have the potential to produce policy-relevant analysis. These include research questions addressing the outcomes of state aid programs and student mobility.

While it may have once been generally accepted that federal and state grant programs exist to support college access alone, many policymakers are now asking about the outcomes gained from investments in state aid programs. Research that parses out the specific elements of state financial aid program design that incent completion across diverse student characteristics would be of immense service to the field. Through their work with students, financial aid practitioners are often aware of program design elements that discourage persistence and completion, and could likely serve as key partners in the execution of research in this area.

In addition to completion outcomes, policymakers are increasingly interested in students' geographic mobility after high school graduation, into postsecondary education, and into the workforce. At ECS and NCSL, we routinely receive questions pertaining to the overall likelihood of state aid recipients to remain within their home state and ultimately contribute to the state economy. While these types of studies can be difficult to execute, researchers forming partnerships with postsecondary institutions that gather post-graduation data and with state agencies that have key information about state aid recipients would be a promising approach to empirically examine students' geographic mobility after postsecondary education.

Because policy changes can happen very quickly and state policy staff need resources on demand once a particular topic is placed on the agenda, intermediary organizations are often the best option for researchers and financial aid administrators to inform policy decisions. Making sure intermediary organizations like ECS and NCSL are aware of research studies in progress and findings of previous studies can help ensure useful information gets into the hands of decision makers in a timely fashion. Research findings with clear policy implications can be the basis of great sessions at intermediary organization meetings. Researchers and financial aid administrators should also utilize the resources and staff capabilities of intermediary organizations to help identify policy-relevant research topics and identify trends in policy conversations.

Conclusion

In this essay, we have discussed what many student aid administrators are acutely aware of—the important role that state-funded aid programs can play in students’ postsecondary aspirations. While these programs are of key importance to the students they serve, they often suffer from a lack of rigorous analysis. We argue that carrying out these analyses is most effective when partners from state agencies, legislative staff, and intermediary organizations are involved in one or more phases of the research project. Financial aid administrators are also a key group to engage in the formulation of effective research questions and in the execution of rigorous research projects related to aid programs.

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