



Racial Equity Contours of State Aid and Institutional Aid: State-Level Insights from NPSAS-AC

SHEEO Higher Education Policy Conference

Denise Smith, The Century Foundation

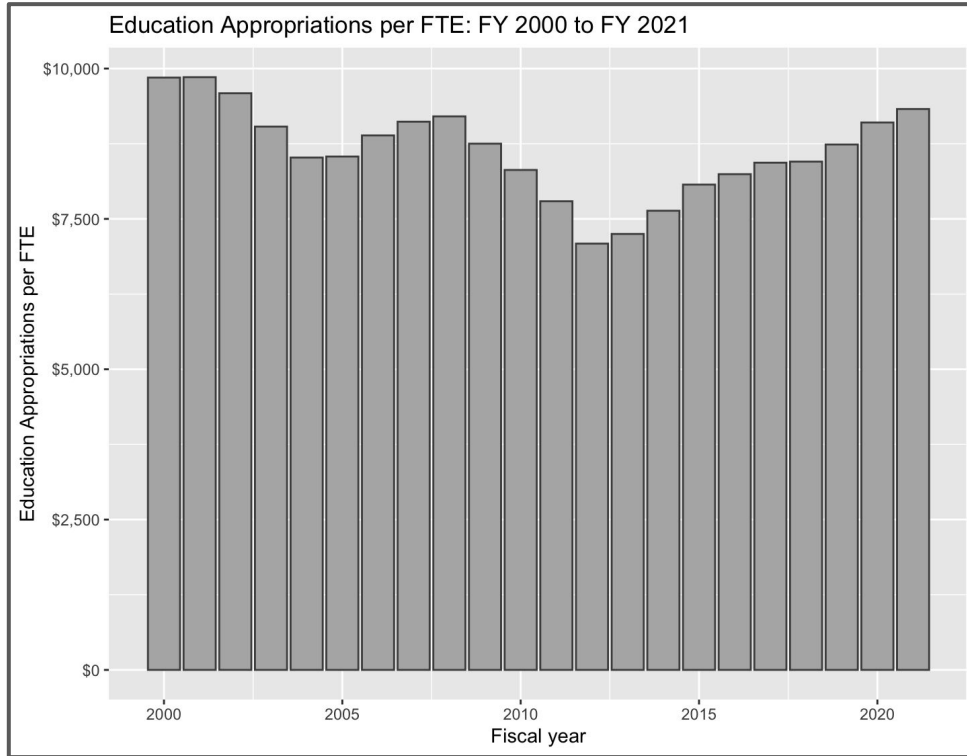
Peter Granville, The Century Foundation



Motivations *for*
Today's Presentation:

*The need for equitable
financial aid*

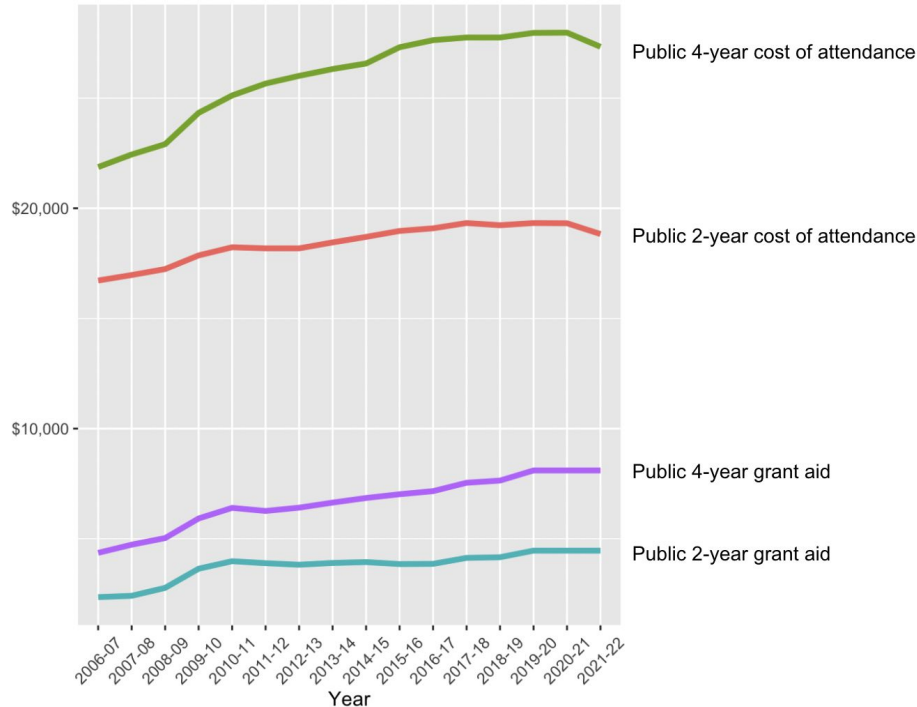
Context: Declining state investment



During periods of declining state investment, more of the cost burden of higher education shifts to families.

Context: Rising college costs

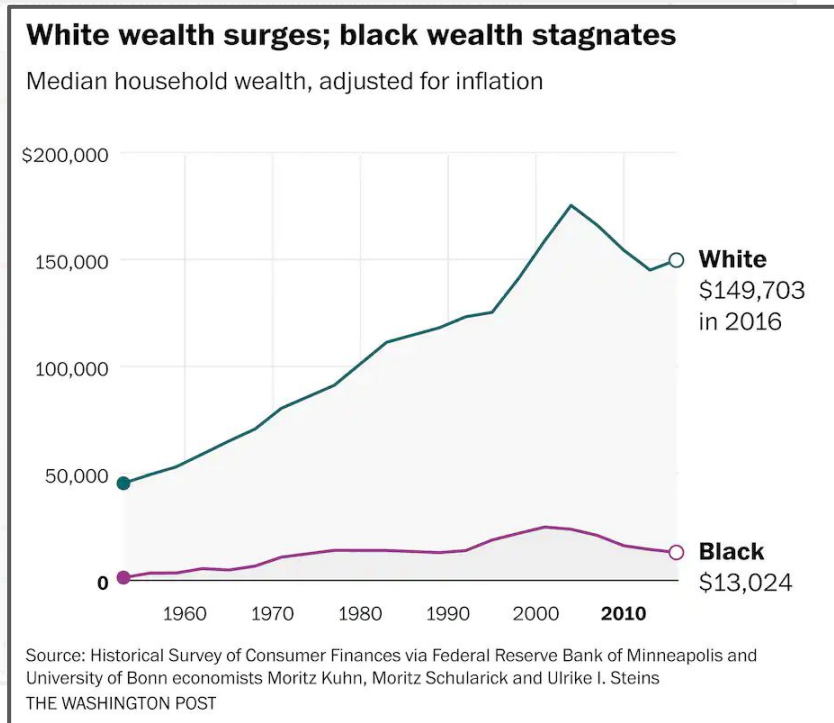
Cost of attendance and grant aid at public institutions: 2006 to 2022



The cost of attending public colleges is broadly trending upward. This is due to a variety of factors, including state disinvestment.

Grant aid has also risen, reflecting a shift towards a “high-tuition-high-aid” model.

Context: Racial wealth gap



College costs intersect with the significant and persistent racial wealth gap: as higher education grows more expensive, families of color will struggle to keep pace.

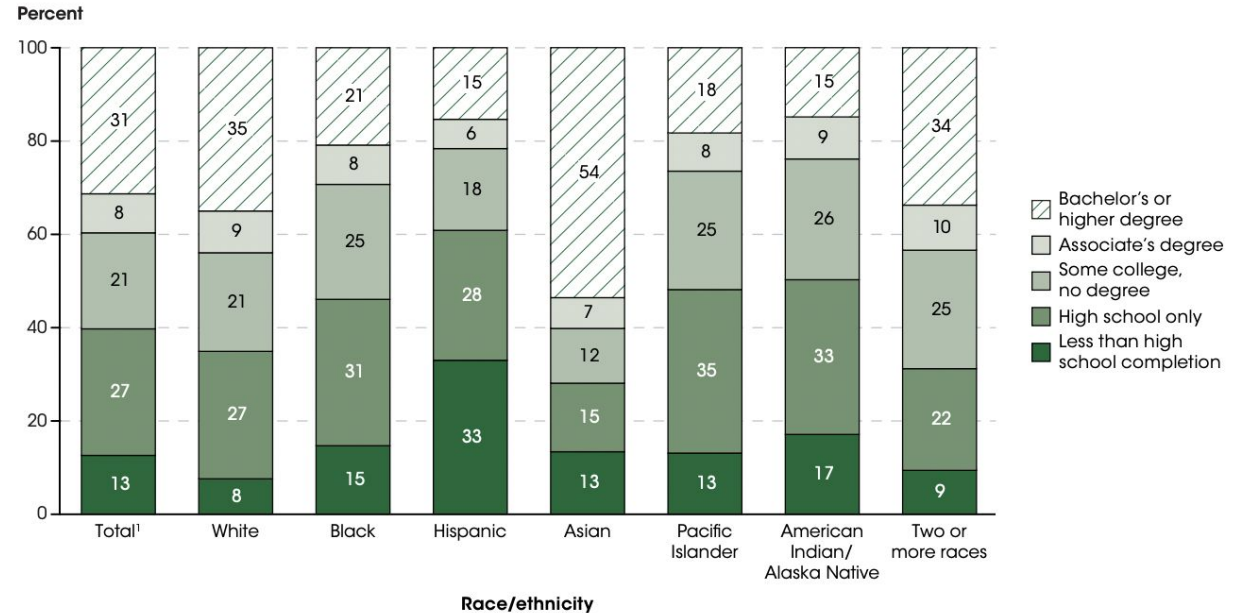
(Black-white gap shown as an example.)



Context: Degree attainment gap

As a consequence, attainment of a postsecondary degree varies by race, with implications for economic mobility and long-term social inequality.

Figure 27.4. Percentage distribution of educational attainment of adults age 25 and older, by race/ethnicity: 2016



Context: Two diverging approaches to affordability

Low tuition, enabled by higher state appropriations

More of Pell can go to non-tuition costs

Potentially easier for students and families to navigate; reduces administrative burden and risk of “sticker shock”

High tuition, high aid

This may take the form of:

Greater use of institutional grants

Greater use of state grants

Net price can be tailored to the family's ability to pay, but runs risk of having inequitable distributions



Context: Two diverging approaches to affordability

Low tuition, enabled by higher state appropriations

More of higher education is high-tuition high-aid. Do we know whether (and under what conditions) this model advances equity?

More

is

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Our research questions:

Is financial aid successfully advancing racial equity?

Within states, is there a difference in how state financial aid advances equity versus institutional aid?

Do there exist disparities in net price (cost after aid) by group?

Our research methods:

- We pulled state-level statistics from NPSAS-AC (*more on that soon*)
- We created state-by-state charts on aid awards and net price by racial group and income group
- We have made these statistics available to you in a web app so you can explore the dynamics in your state

Through today's presentation, we want to equip you with the tools to answer these questions for your state.



Motivations *for*
Our Research Approach:

*Looking within and across
states*

Context: The three pillars of grant aid

	Public two-years	Public four-years
Federal grants	\$7.4 billion	\$13.5 billion
State grants	\$1.7 billion	\$6.1 billion
Institutional grants	\$1.2 billion	\$19.6 billion
Data year: FY 2019.		

An empirical challenge:

We have **one federal system** for financial aid.

We have **fifty-one state systems** for financial aid.

We have **as many systems of institutional aid as there are institutions providing aid.**

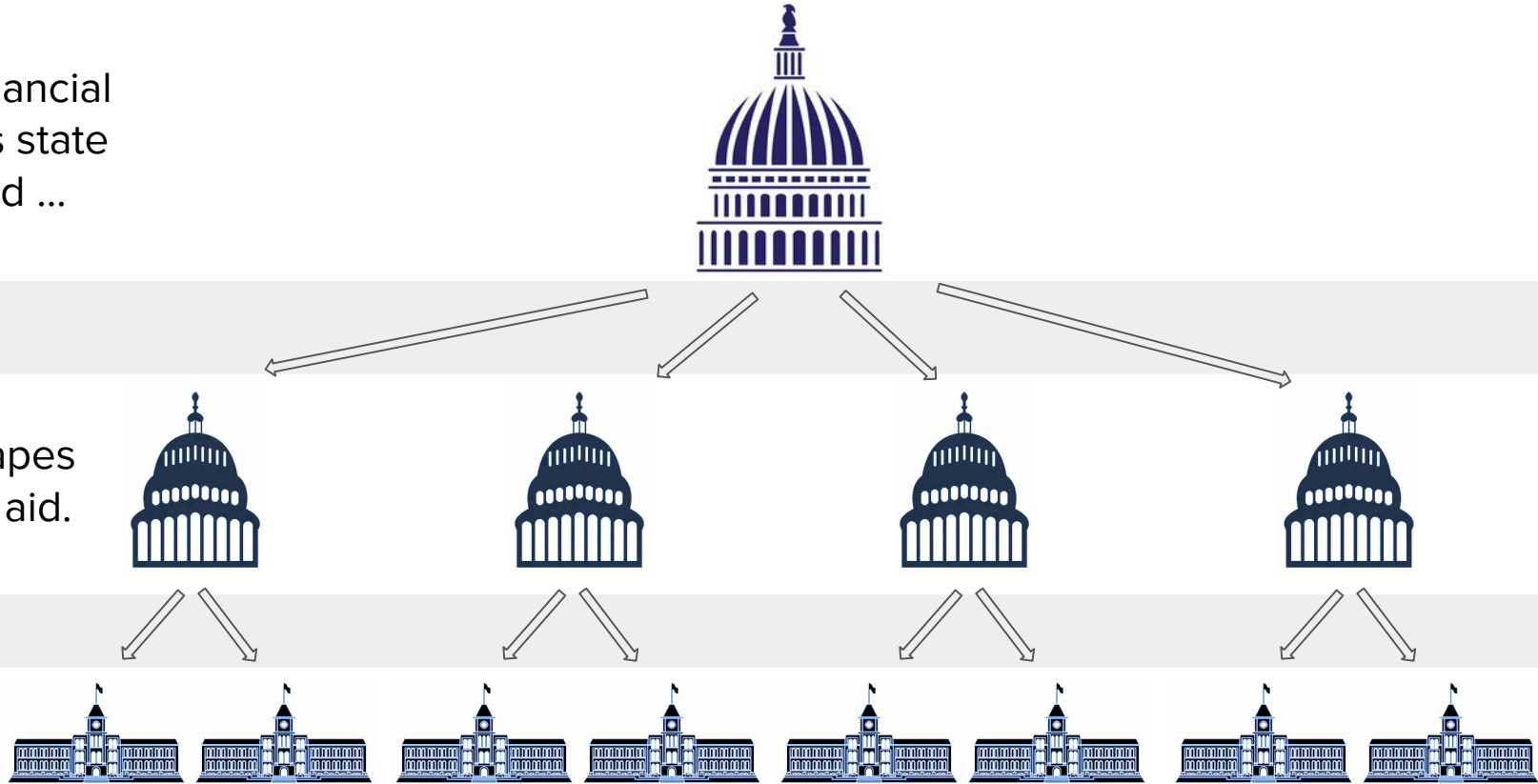
By “system” we mean sets of statutes or policies, administration, oversight, etc.



The financial aid ecosystem:

Federal financial aid shapes state financial aid ...

... which shapes institutional aid.

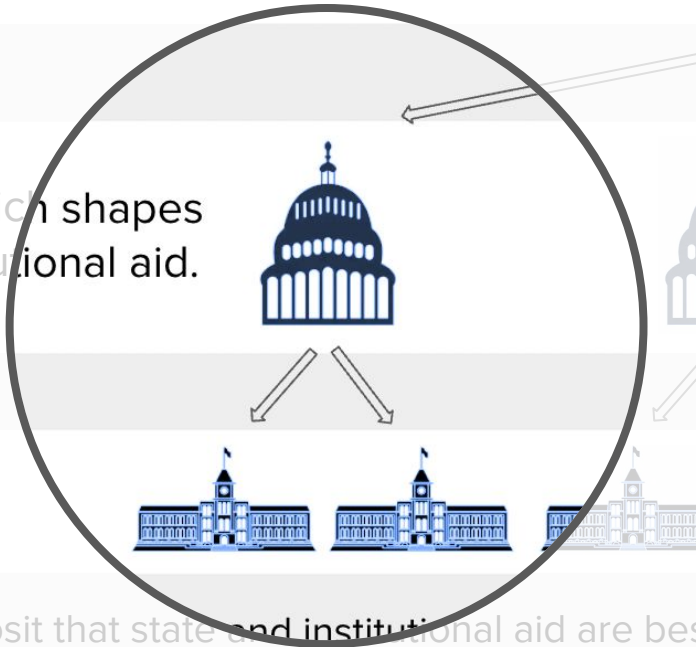


We posit that state and institutional aid are best understood *within* states, as opposed to in the aggregate.

The financial aid ecosystem:

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Some differences across states that affect state and institutional aid and net price:

- Tuition levels in a state
- Cost of living in a state
- Size of the state's grant aid programs
- First dollar vs. last dollar design
- Financial aid eligibility criteria
 - Policy design targets certain populations (e.g. recent HS grads, students in certain fields)
 - State Dream Acts
- Administrative burdens, e.g. verification
- FAFSA completion rates in a state
- Income and wealth of state's residents

We posit that state and institutional aid are best understood *within* states, as opposed to in the aggregate.

Research: Prior data limitations

FAFSA: has not previously asked for information on racial demographics*

IPEDS: requires institutions to collect data on racial demographics, but does not require them to report aid by demographics

NPSAS: collects the demographics and student aid data from institutions but has not traditionally been designed for state-level estimates

The necessary data exist in student records held by institutions ... but have not previously been collected at the scale needed for this analysis.

* This changes in the 2023-24 FAFSA cycle.



Research: Data source

Background:

The **National Postsecondary Student Aid Study** (NPSAS) is an NCES survey conducted every four years to help the higher education community understand how students and families pay for college. It is one of the largest surveys in higher education.

With a few exceptions, NPSAS has not traditionally allowed for within-state analysis.



Research: Data source

NPSAS-AC is a new release of NPSAS that sampled student records for nearly 350,000 students for the 2017-18 year.

No interview component, unlike prior NPSASes.

The sampling design was conducted to enable state-level samples for 36 public two-year sectors and 45 public four-year sectors.

NPSAS:18-AC was released earlier this year.



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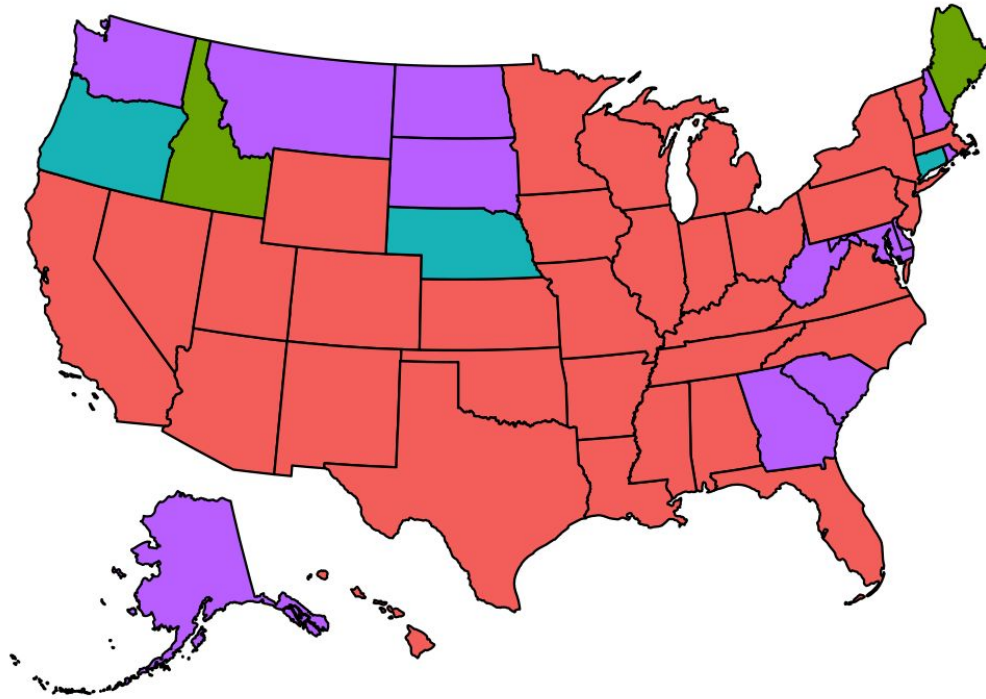
NPSAS:18-AC was released earlier this year.

Key limitations:

- Data reflects 2017-18
- Sample size constraints for certain groups, varying by state
- Sector analysis is limited to public institutions, and do not include some states
- Varying degrees of confidence in estimates



Research: Data source



States with representative samples for:

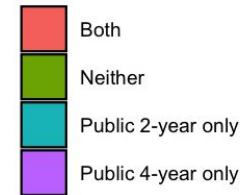
Both sectors (33 states)

Public 2-years only (3 states)

Public 4-years only (12 states)

Neither (2 states and DC)

State samples in NPSAS-AC



Research: Data collected from NPSAS-AC

Within every public 2- and 4-year sector with sufficient samples:

- Percentages who receive federal, state, and institutional grant aid
- Average federal, state, and institutional grant awards
- Net price (\$) after all grants are applied
- Net price after all grants are applied, as a percentage of income

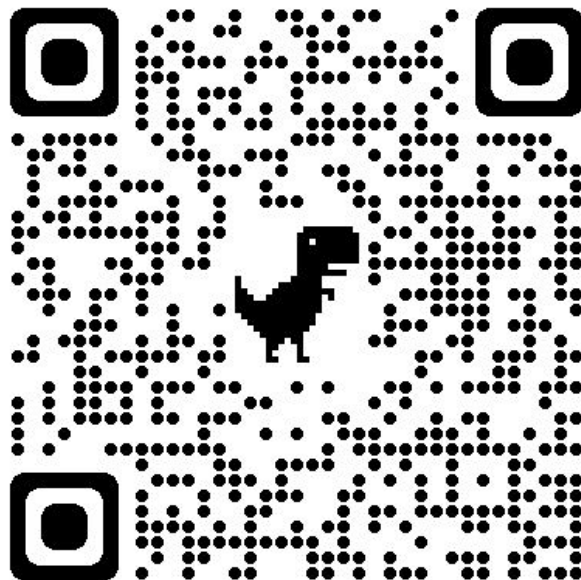
... broken out first by race, and then (separately) by poverty level.

After removing missing data and those without sufficient sample size, this amounts to **5,179 state-level statistics**.



Our online data tool:

*Putting the data in your
hands*



Scan this QR code to access [our online data tool](#)

We recommend that you put your phone in landscape position to better view the charts



Implications *and* **Discussion**

How to use this tool in your state

Questions to ask:

- What are some things that you notice about the data for your state?
- Do the data about your state surprise you?
- Does practice on the ground reflect what you see in the data?
- Are the financial aid programs in your state working as intended?
- What administrative barriers may stand between marginalized students and the aid that they need?
- Are the public institutions in your state allocating institutional aid dollars in a way that advances equity?



Implications for further research

- Potential shifts due to the pandemic
- States missing from NPSAS-AC
- More information states may have access to that's not in NPSAS-AC

We are still exploring this data: what else do you want to know?

