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Editor's Column

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Editor's Column

Congress is taking initial steps to prepare for reauthorization of the Higher Education Act, which expired at the end of 2013 (although an automatic one-year extension was built into the legislation). First passed in 1965, the Higher Education Act is approaching its 50th anniversary as the guiding, national foundation for higher education policy in this country. As a pillar of the vision for a Great Society, now is an opportune moment to reflect on that vision and take stock of where we are in this country with respect to postsecondary education and the role of financial aid.

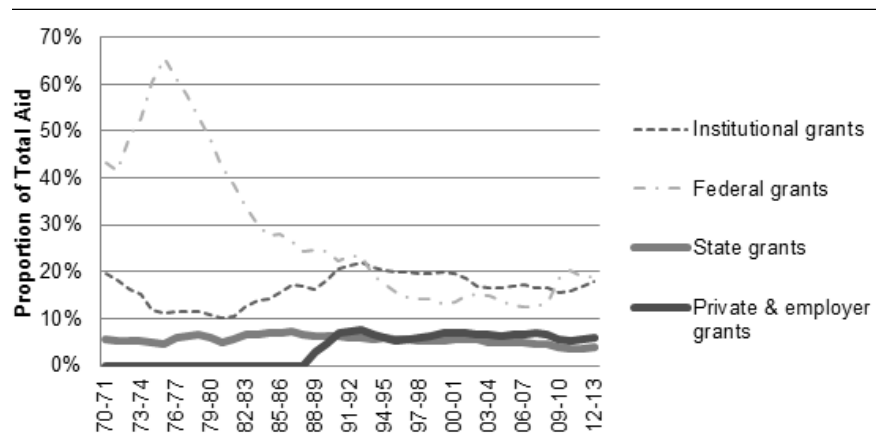
When President Johnson spoke at the University of Michigan on May 22, 1964, he laid out his domestic agenda. Johnson evoked the image of an America 50 years in the future, which he called the Great Society. Central to achieving his vision was the role of education.

A third place to build the Great Society is in the classrooms of America. There your children's lives will be shaped. Our society will not be great until every young mind is set free to scan the farthest reaches of thought and imagination. We are still far from that goal.

Johnson continued, "Each year more than 100,000 high school graduates with proved ability do not enter college because they cannot afford it." Lamentably, we still confront the same affordability problem Johnson cited 50 years ago. Undoubtedly, much national handwringing will occur as Congressional conversations about reauthorization continue. To be sure, the affordability question is complex, but a constant focus for many policymakers. Consider the following.

First, federal grants constitute a much smaller portion of all financial aid than it did in the 1970s, indicative of the shift in federal policy. Whereas federal grants constituted 65% of all aid to students in 1975-76, by 2012-2013 that proportion had fallen to 19%, almost equal to total institutional grants awarded (see Figure 1). Federal loans now constitute 41% of all aid to students.

Figure 1. Grant Aid from All Sources as Proportion of Total Aid, 1971-2013 (in 2012 dollars)



Source: College Board Trends in Student Aid, 2012-2013, Table 1, Author's Analysis.

Second, states are increasingly rationing state grant aid by using merit criteria. Data from the National Association of Student Grant and Aid Programs (NASSGAP) illustrate this shift. Whereas in 2003-2004 over half of state aid was awarded based on need, that proportion fell to 47% in 2011-12 (Table 1).

Table 1. Comparison of State Aid Awarded Based on Need or Merit Criteria

	Proportion of Total State Aid	
	AY 2003-2004	AY 2011-2012
Need-only	57.1	47.0
Merit-only	17.1	19.1
Need and merit	16.2	20.0

Note: Figures do not equal 100%. Special purpose aid constitutes the remainder of state aid. Sources: NASSGAP 35th Annual Survey Report, 2011-2012, Table 8. NASSGAP 43rd Annual Survey Report, 2003-2004, Table 8. Author's analysis.

Third, institutions are utilizing their own grant aid to lower the net price for the highest income students rather than those that come from the lowest-income quartile. Data from the latest administration of the National Postsecondary Student Aid Study (NPSAS:12) show that the highest income students (those whose families earned over \$106,000) received more need- and merit-based aid from institutions than students from families that earned less than \$30,000 (see Table 2). In fact, the highest income students received almost twice as much in institutional grant aid as their lowest income peers. The result is that the lowest income families in this country have to pay nearly 78% of their median annual income for college *after grants*¹.

Table 2. Institutional Need- and Merit-based Grants by Income Quartile

Income Quartile	Income	Institutional Grants Total	Institutional Need-based Grants	Total Merit-only Grants	Net Price after Grants as Percent of Income
	Median				%
Less than \$30,000	\$18,559	\$4,616	\$2,950	\$4,600	78
\$30,000-64,999	\$45,838	\$6,000	\$3,500	\$5,000	34
\$65,000-105,999	\$84,000	\$7,000	\$3,700	\$6,000	24
\$106,000 or more	\$144,681	\$8,084	\$5,000	\$6,100	16

Notes:

For full-time, full-year, one institution, dependent undergraduates.

The weight variable used in this table is WTA000.

Source: U.S. Department of Education, National Center for Education Statistics, 2011-12 NPSAS:12, Author's analysis.

These three data points suggest an arena of action for financial aid administrators: Their own institutions. What would President Johnson make of the current state of college access? No doubt he would urge on the many financial aid administrators who already serve as a voice of conscience at their institutions, attempting to hold the doors of higher education open to all students, regardless of their ability to pay. These financial aid administrators are at the heart of the battle for society Johnson evoked. He implored,

There are those timid souls that say this battle cannot be won; that we are condemned to a soulless wealth. I do not agree. We have the power to shape the civilization that we want. But we need your will, and your labor, and your hearts, if we are to build that kind of society.

As we approach the 50th anniversary of the Higher Education Act, it is no coincidence that the National Association of Student Financial Aid Administrators is closing in on its 50th anniversary as well. Financial aid and those who administer it are an integral part of a Great Society, then and now.

Jacob Gross
Editor

Endnote

¹ The data presented in Table 2 are similar to the Lynch, Engle & Cruz (2011) analysis published in the Education Trust report called *Priced out: How the wrong financial aid policies hurt low-income students*. <http://www.edtrust.org/dc/publication/priced-out>