



The Changing Landscape of Financial Aid: Insights for College Promise Programs from the Bridging the Gap Case Study

Helping Low-Income Students Succeed in College
Reinventing Our Communities | October 2018

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The Changing Landscape of Financial Aid

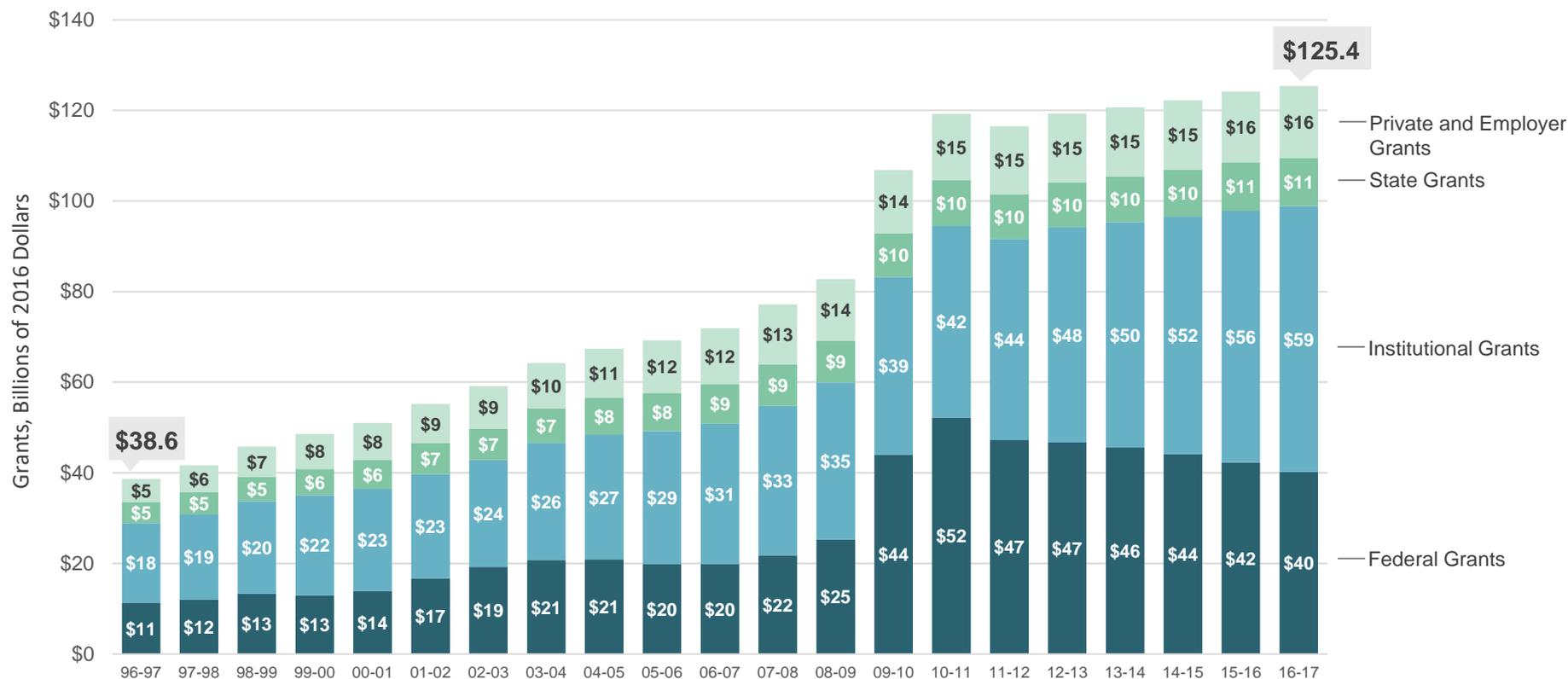
Outline

- Purchasing Power of Financial Aid
- Defining Promise Programs
- Case Study: Bridging the Gap
 - Promising Early Results
 - Initial Challenges
 - Other Considerations
- Lessons for Practice



Purchasing Power of Financial Aid

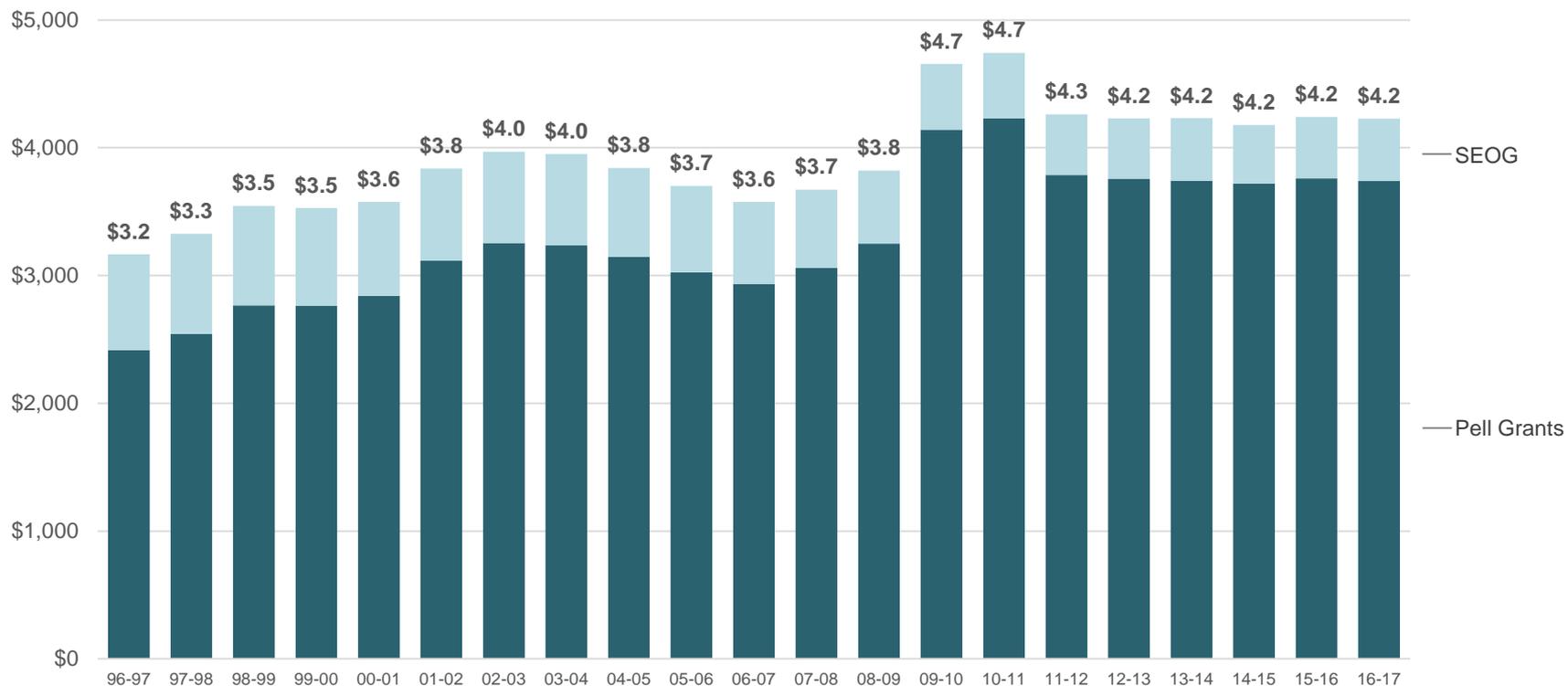
Total Grant Aid in 2016 Dollars by Source of Grant, 1996-97 to 2016-17



Source: College Board, Trends in Student Aid 2017, available at <https://trends.collegeboard.org/student-aid>

Purchasing Power of Financial Aid

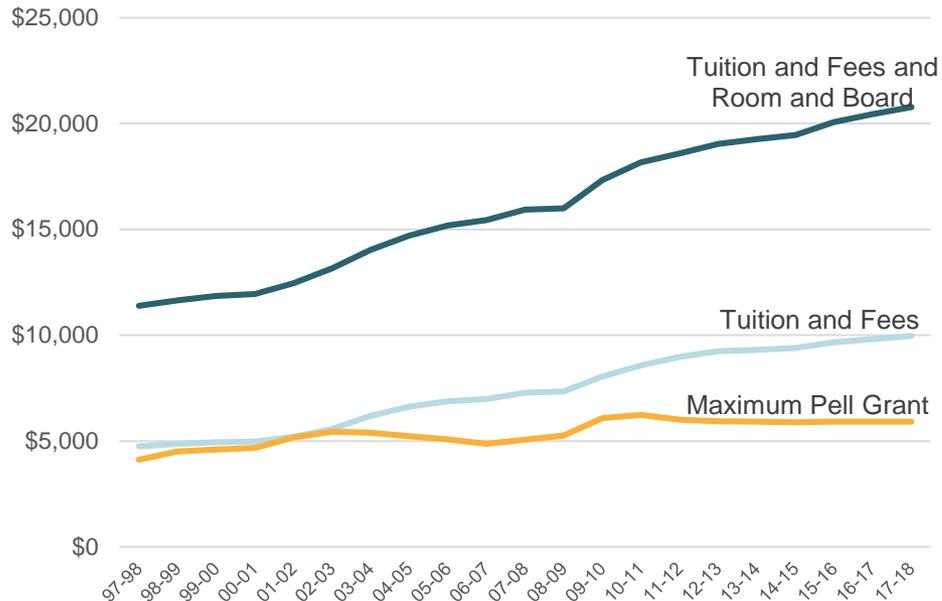
Aid Per Recipient for Federal Pell and SEOG in 2016 Dollars, 1996-97 to 2016-17



Source: College Board, Trends in Student Aid 2017, available at <https://trends.collegeboard.org/student-aid>

Purchasing Power of Financial Aid

Maximum Pell Grant and Published Prices at Public, Four-Year Institutions in 2017 Dollars, 1997-98 to 2017-18



Maximum Pell Grant as a Percentage of Published Prices in 2017 Dollars, 1997-98 to 2017-18

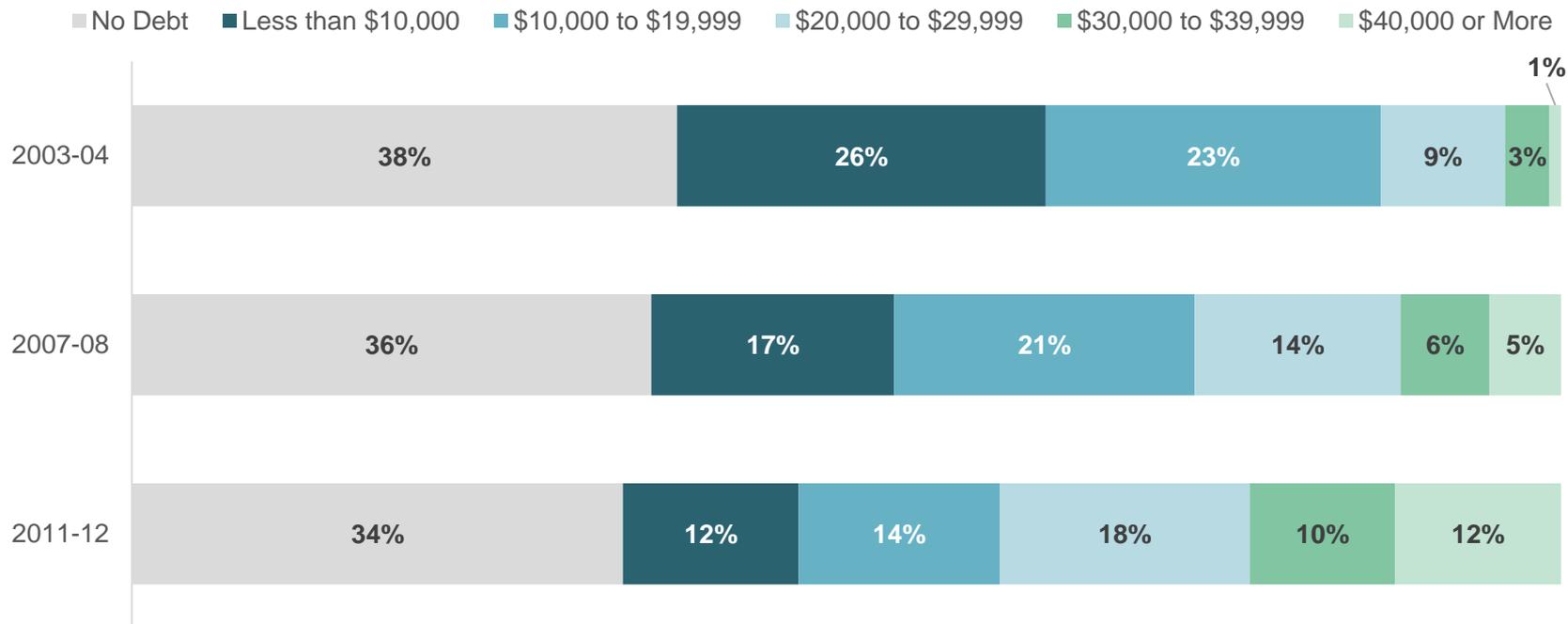
Public, Four-Year Institutions

School Year	Tuition and Fees	Tuition and Fees and Room and Board
97-98	87%	36%
02-03	98%	41%
07-08	70%	32%
12-13	64%	31%
17-18	59%	29%

Source: College Board, Trends in Student Aid 2017, available at <https://trends.collegeboard.org/student-aid>

Purchasing Power of Financial Aid

Cumulative Debt of Bachelor's Degree Recipients at Public institutions in 2012 Dollars, 2003-04, 2007-08, and 2011-12



Source: College Board, Trends in Student Aid 2017, available at <https://trends.collegeboard.org/student-aid>

Defining College Promise Programs

Key Characteristics

A College Promise program has the following three criteria:

- A central **goal** of increasing higher education attainment;
- A financial award **beyond existing federal and state aid** to offset the costs of college; and
- A “**place-based**” student eligibility requirement (e.g., living in a designated city, attending a specified school) in addition to, or in lieu of, academic or need-based criteria.

Definition from the Penn Ahead College Promise Program Database.

238+

active promise programs
across the country.
(Source: Penn Ahead)



Defining College Promise Programs

Key Characteristics

Source of Funds

- State Governments
- Educational Institutions
- Philanthropies

Institution Type

- Public Four-Year
- Private Four-Year
- Public Two-Year

Type of Award

- Last-Dollar
- First-Dollar

Eligibility

- Universal
- Need-Based
- Academic Requirements



What is Bridging the Gap?



A **last-dollar, institutional aid** program that applied to unmet tuition and campus fee costs for **income-qualified students** from New Jersey:

- **100% of unmet costs** for households with an adjusted gross income (AGI) no higher than \$60,000
- **50% of unmet costs** for households with an AGI from \$60,001 to \$100,000

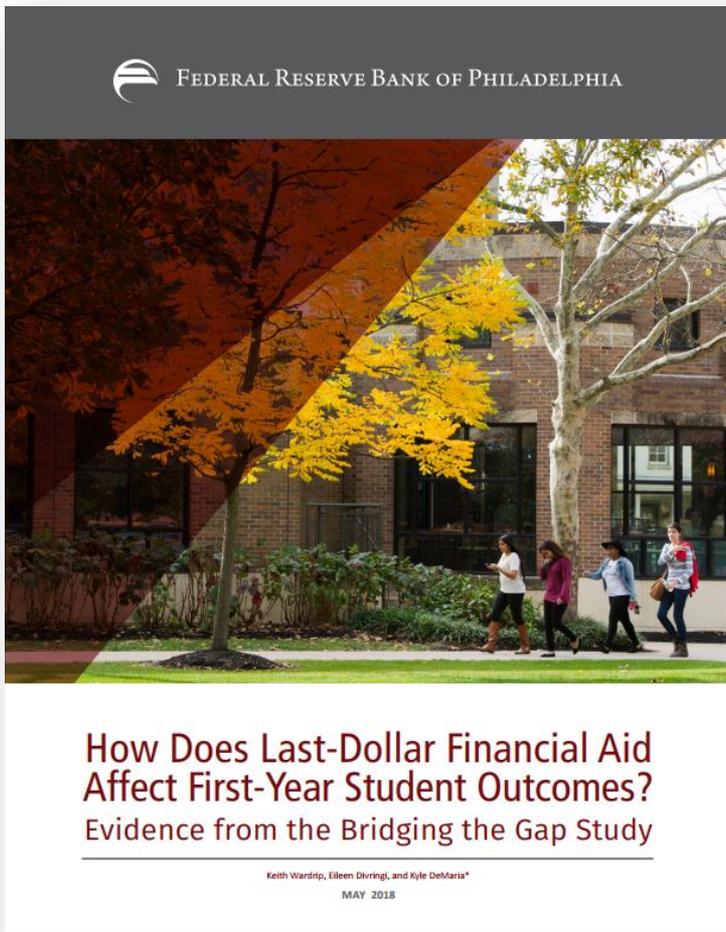
In order to **remain eligible** for the program, students must:

- Complete **30 credit hours** in an academic year.
- Maintain at least a **2.0 G.P.A.**

Fall 2016 was the inaugural cohort.



Research Plan



The Philadelphia Fed Community Development and Regional Outreach department is conducting a five-year, mixed-methods evaluation of Bridging the Gap.

May 2018: *How Does Last-Dollar Financial Aid Affect First-Year Student Outcomes? Evidence from the Bridging the Gap Study*

- Mixed-methods report synthesizing the findings from 22 student interviews and an analysis of academic performance data provided by the Office of Institutional Research.

Interviews will be conducted annually through fall 2021.



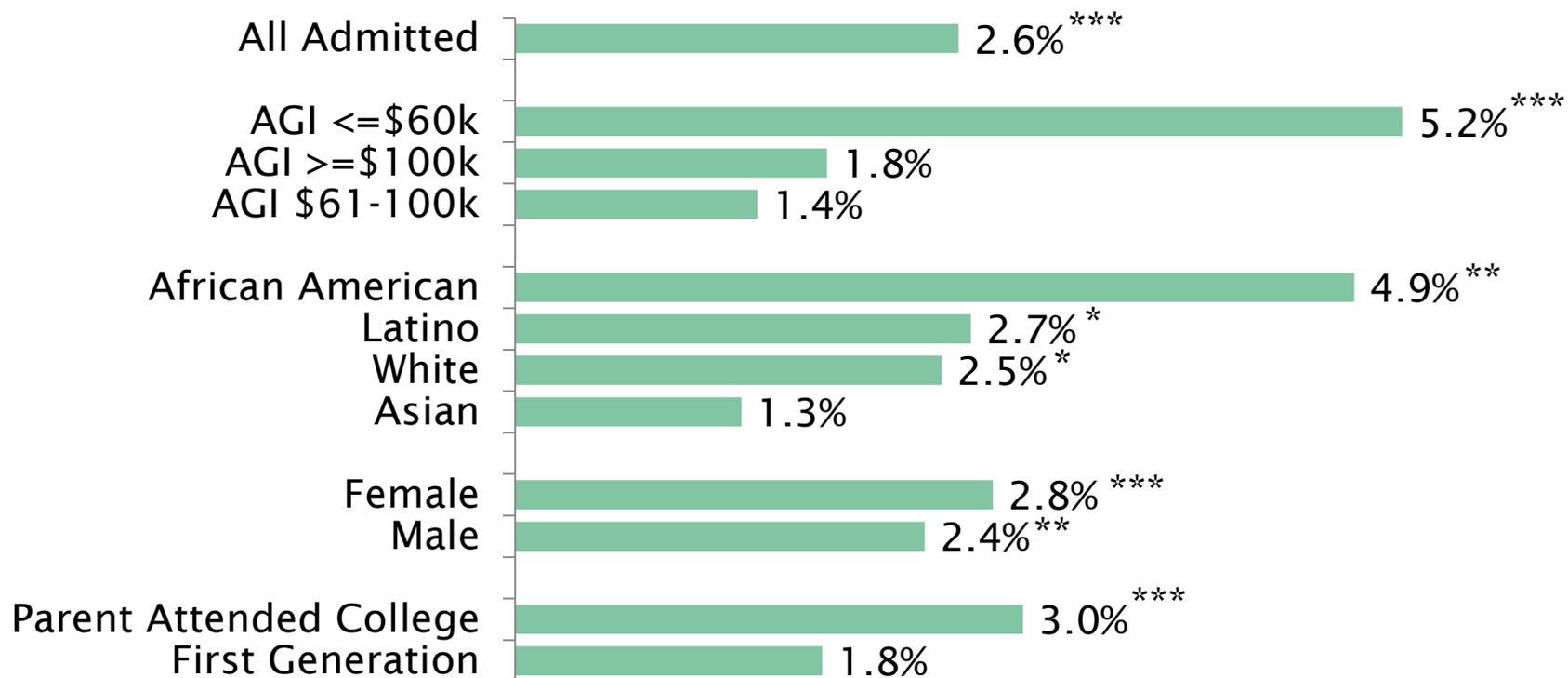
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Promising Early Results



Promising Early Results: Enrollment

Percentage Point Increase in Admitted NJ Students Enrolling at Rutgers-Camden: 2016 vs. 2014-15



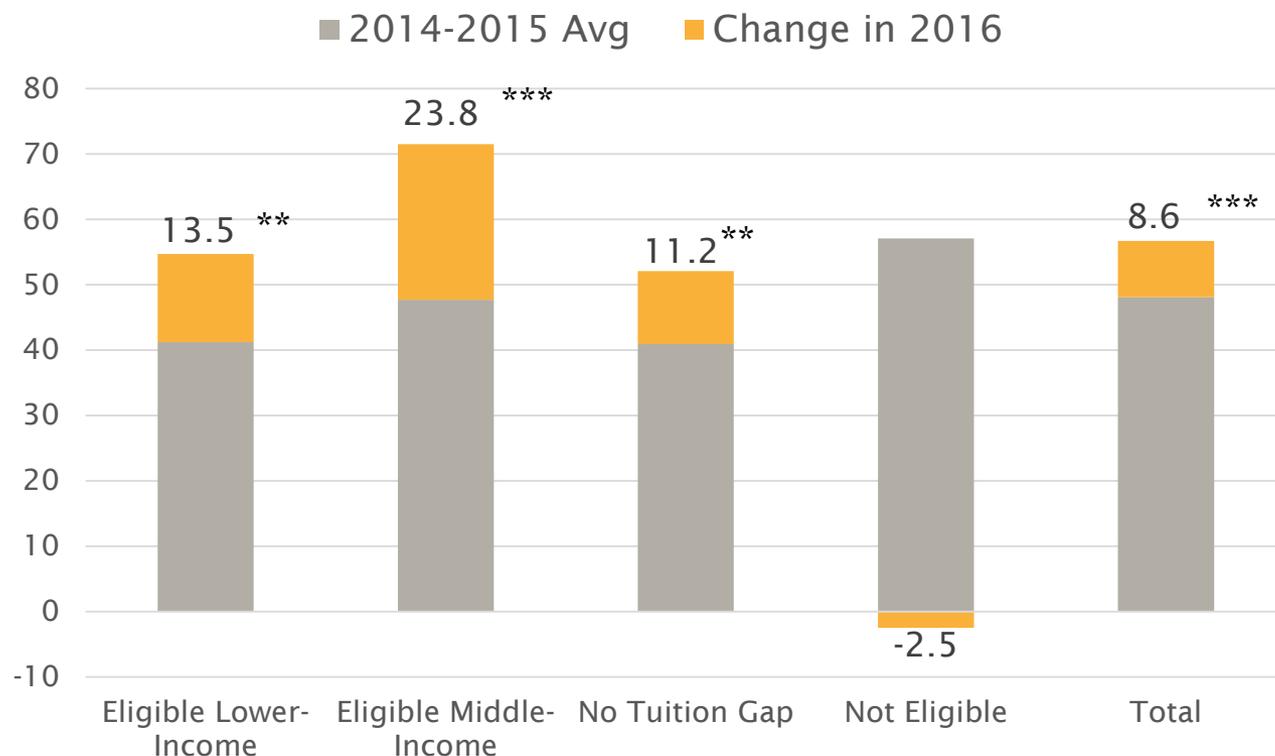
Note: Full regression model controls for race/ethnicity, high school GPA, SAT score, AGI, and whether student is from Camden, Burlington, or Gloucester County. Students with missing data are excluded from this analysis.

*** p<.01, ** p<.05, * p<.10



Promising Early Results: Retention

Percent of Students Meeting Program Academic Requirements and Reenrolling at Rutgers-Camden: 2016 vs. 2014-15



Note:
Improvements could not be directly attributed to Bridging the Gap.

Note: Program requirements are defined as completing 30 credit hours and attaining at least a 2.0 cumulative GPA.

*** p<.01, ** p<.05, * p<.10



Promising Early Results: Stress Alleviation

Most students reported that Bridging the Gap alleviated financial anxiety and helped them focus on their studies.

“...I didn’t have to stress as much about finances and I didn’t have to ask anybody for money or anything like that. I didn’t have to take out any loans, so that wasn’t a stress... **More time to study than to think about money.**” (Lower-Income Group)

“...It had popped up, Bridging the Gap Rutgers, and my mom saw it and she started to freak out and she was like God has answered my prayers. I work for the State of New Jersey. **I make enough money but not enough money to take care of two people, and nobody really sees that, being a single parent.**” (Middle-Income Group)





Initial Challenges



Initial Challenges: Implementation

As of late fall 2016, awards were not always consistent with eligibility criteria and levels of other financial aid

	Eligible Lower- Income	Eligible Middle- Income
Award within 20% of expected	87	95
Award not within 20% of expected because:		
Student received an award in spring	6	4
Verification was incomplete or delayed	21	2
Spring adjustment to need-based aid left no gap	20	3
Other	3	5
Total	137	109
Percent within 20% of expected	64%	87%
Percent not within 20% of expected	36%	13%

Note: Students who received tuition remission are excluded from this analysis. This table also excludes three students who received a Bridging the Gap award in fall 2016 even though costs were covered by federal, state, and RAG aid. As a result, these students were not eligible, and subsequent adjustments were made to their awards.



Initial Challenges: Navigating Financial Aid

Many students still struggled with the complexity of the financial aid process.

“... that’s one of the things that I don’t like about Bridging the Gap, because it is work but you gotta — not even just be on top of it. You gotta watch it **because it’s guaranteed, but it’s not guaranteed at the same time, I feel like.**” (Lower-Income Group)

“It’s just frustrating because you pay it and they’re like yeah, you don’t owe any anything. You’re all good to go. You even had the paperwork. **Then you get an e-mail like I had last year late saying I owed \$375 from Rutgers all later on, just randomly,** even though after you already had been told from people in the department that you don’t owe anything else.” (Lower-Income Group)



Initial Challenges: Nontuition Costs

Nontuition educational and living expenses are significant contributors to the cost of attending college.

Tuition and Fees Share of Cost of Attendance (COA) for Full-Time Undergraduate Students (In-State), 2016-17

Living Arrangement	Tuition and Fees Share of COA
Commuter	57.6%
On Campus (Resident)	44.6%
Off Campus (Married or with Dependent)	36.3%

Source: Asia King and Eileen Divringi, *Navigating the First Semester: How Students Get to and Get by in College*, Federal Reserve Bank of Philadelphia, available at <https://philadelphiafed.org/community-development/publications/special-reports/college-access-and-student-success>.



Initial Challenges: Nontuition Costs

Most students shared at least some responsibility for out-of-pocket educational or living expenses with their parents.

“So my parents don’t pay for anything for my schooling or anything in general, I guess. **I pay for my phone bill, my credit card bill, my car, my textbooks, my laptop, anything, food, stuff like that I cover.** I just live in the house.” (Middle-Income Group)

“I lent my dad a lot of money over the summer when I was working because I didn’t need it for anything, **but now that I need it for school, I can’t help out at home as much.**” (Lower-Income Group)

“Bridging the Gap only pays partial costs for me, and that pays for tuition and I believe course fees. So I pay everything else out of pocket. **But I also took a loan out for both of these semesters, just in case I needed it.**” (Middle-Income Group)



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Other Considerations



Other Considerations: Mixed Effects on Work

In their second year, some students were able to stop working or reduce their hours, while others still struggle to balance school and employment.

“For this semester, I kinda decreased my hours. **The reason being, I’m taking more classes so I kinda have to focus more on school.** So, I think I’m down to 20 hours I work during the week, which for me is a little better just so I’m not kinda overworking myself, you know?” (Lower-Income Group)

“It tears on your body and your mind but — well, **I know I have a test. But I know I also have to work because if I don’t work, I don’t have gas money to make it to school to take a test to graduate.** So I need more money. So it’s kinda like a domino effect for everything.” (Lower-Income Group)



Other Considerations: Academic Requirements

The summer term proved crucial in helping students meet credit requirements and remain eligible for Bridging the Gap aid.

“The 2.0 GPA, I feel I could do that. That was simple for me. But I could do good in the classes I was good at. **But statistics, I withdrew from that, so I didn’t have all the courses that I needed. So I ended up taking a summer class.** But I got my credits for that one. So I had the 30 credits before the start of the school year. So I don’t think that’s a problem.” (Lower-Income Group)

“**But it was really hard and scary because if I didn’t pass those summer classes, I would’ve lost my Bridging the Gap and then I would’ve been like how am I gonna pay for college.** It’s — it was somewhat stressful but I got through it and I passed all my classes so I’m here now.” (Lower-Income Group)



Lessons for Practice

- Clear **messaging around affordability** appears effective for boosting enrollment.
- Last-dollar programs enable institutions to leverage existing need-based aid but are **more complex to administer**.
- **Nontuition educational and living expenses** influence students' perception of their ability to afford college.
- Even with substantial aid awards, many students are likely to **work during the school year**.
- **Summer coursework** is key to enabling students to meet higher academic standards to remain on track for graduation.



Thank You



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