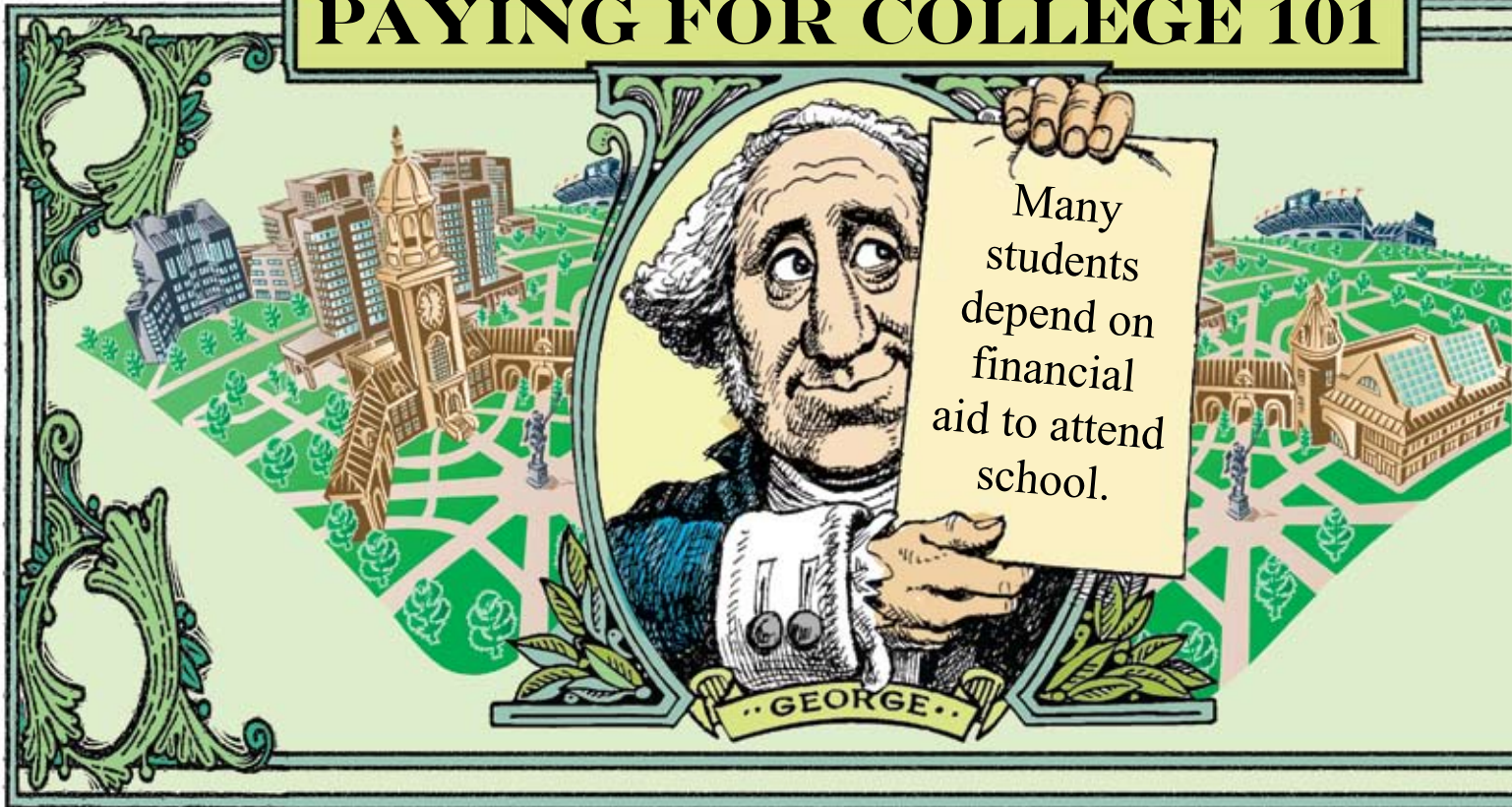


PAYING FOR COLLEGE 101



BY BRENDA BAUTSCH

Financial aid programs can be a powerful tool in making college affordable in tough economic times.

“The cost of attaining a liberal arts degree at the University of North Dakota has nearly doubled in the last six years,” says Representative Corey Mock of North Dakota. “For many students and families, financial aid is the only way college can be affordable.”

The federal government provides a significant amount of financial aid. And although federal aid has increased over the years, it has not kept pace with increased tuition costs, making state financial aid programs essential for college affordability.

THREE TYPES OF AID

The three main types of financial aid states offer are need-based, merit-based and mixed programs. Need-based aid is awarded to students based on family income, while merit-based aid is awarded to students who meet certain academic requirements. States also are using mixed-aid programs that combine both.

Brenda Bautsch tracks college access and success issues for NCSL.

In the 2007-2008 academic year, 48 percent of state undergraduate grant aid was based on need, 19 percent was based on merit, and 14 percent was based on a combination. States spent about \$5.7 billion on undergraduate need-based aid. Nine states—California, Illinois, Indiana, New Jersey, New York, North Carolina, Pennsylvania, Texas and Washington—account for almost 70 percent of all state need-based aid.

“Families in North Carolina,” says Representative Tricia Cotham, “depend on financial aid, and our state has made great investments here to ensure college access for all students.”

New York’s Tuition Assistance Program is the nation’s largest need-based aid program. Considering the amount of need-based aid available for full-time undergraduates, New York is at the top with \$1,049; the national average is \$440. In fiscal year 2006, New

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York awarded about 15 percent of the total amount all states spent on need-based aid that year.

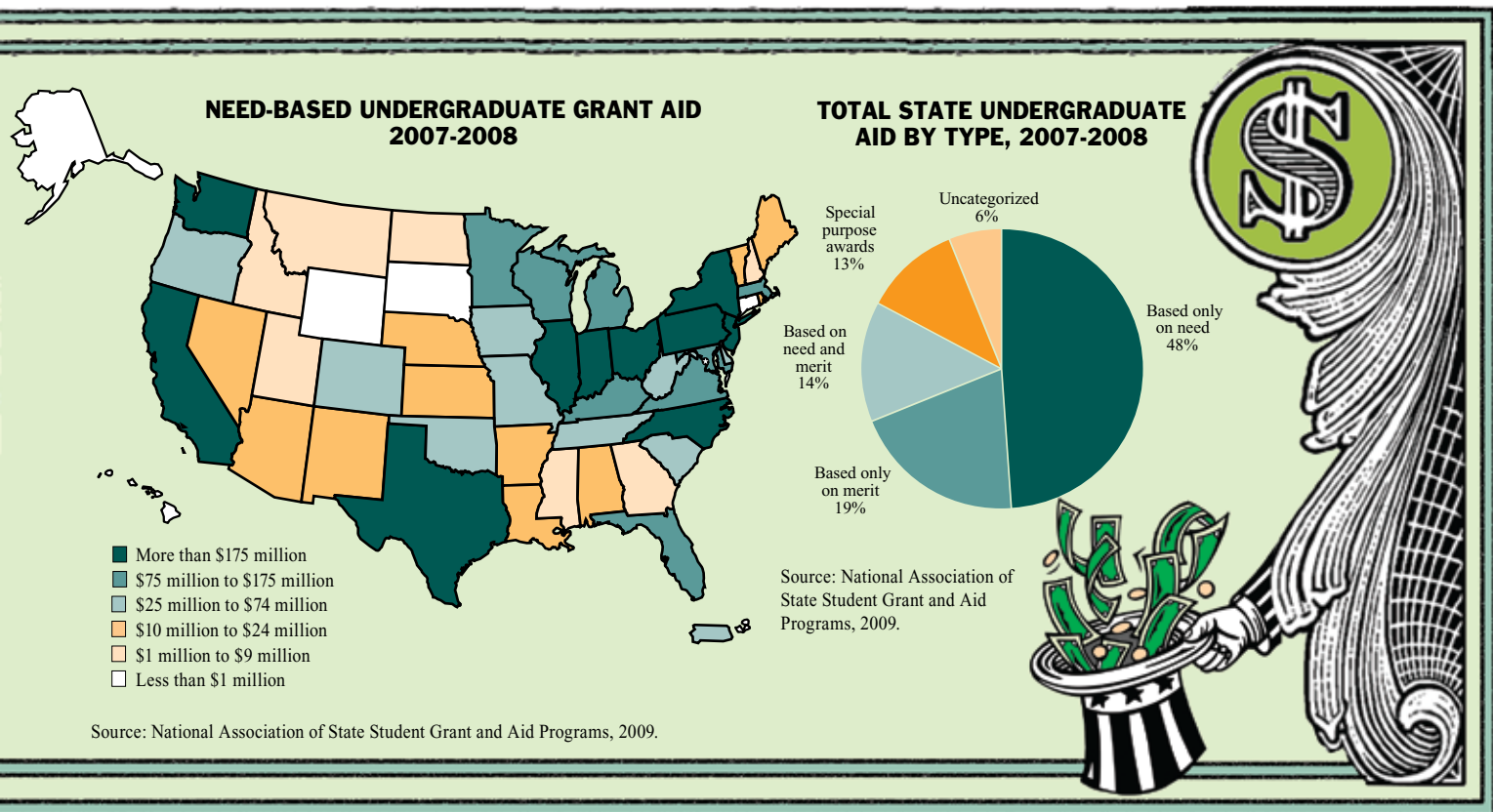
Although need-based aid is the largest type of tuition assistance, merit-based aid has been growing proportionately faster in the last decade. From 1998-2008, while tuition at public four-year colleges doubled, need-based aid grew by 110 percent, and



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merit-based aid increased by 267 percent. In 2007-2008, states spent \$2.76 billion on undergraduate merit-based aid.

HOPE IN GEORGIA

Georgia’s Helping Outstanding Pupils Educationally (HOPE) scholarship is the nation’s largest merit-based aid program. Financed by the Georgia lottery, the scholarship rewards academic achievement by covering tuition, fees and books at any in-state public college or university. Students must graduate from a state high school with a B average or higher to qualify. The scholarship has awarded more than \$4.9 billion to more than 1.2 million students since its inception.

“The HOPE scholarship has been a tremendous boost to students who cannot afford tuition and books, and it keeps our intellectual capital in the state,” says Georgia Sena-

tor Freddie Powell Sims. “We are trying to keep our best and brightest at home. This is a wonderful way to do it, and it is a success in Georgia. Also, many nontraditional students who have lost their jobs are beginning to re-enroll, and the HOPE scholarship is there for them, too.”

Research indicates that merit-based scholarships can be successful at meeting state goals such as keeping the highest achieving students in state, as Sims points out, but they tend to benefit middle- to upper-income students the most. State officials who want to target low-income students who excel academically are developing mixed financial aid programs that reward merit but also consider need.

California’s Cal Grant program, for example, gives aid to students who meet both the income and high school grade point average requirements. Indiana’s Twenty-

First Century Scholars program and Oklahoma’s Promise Scholarship also consider both. These programs guarantee four years of tuition and fees at an in-state college or university to low-income students who take a rigorous high school curriculum, meet behavioral standards, and achieve a certain grade point average.

“Even in good economic times, students from low-income families have a difficult time attending college,” says Senator John Ford of Oklahoma. “Oklahoma’s Promise not only pays 100 percent of the college tuition, but it also requires the student to take a college prep curriculum in high school, maintain good academic results, and stay out of trouble with drugs, gangs, etc. Programs like this are even more important in the difficult financial times many states are currently experiencing.”

Mock agrees now is a tough time for families trying to send kids to college.

“The current economy has given states an incentive to re-evaluate their education practices,” he says, “and answer the call of students and families everywhere.”



SENATOR
FREDDIE POWELL SIMS
GEORGIA



SENATOR
JOHN FORD
OKLAHOMA

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