

# POLICY PERSPECTIVES

## Itemized Charges & Student Aid

Enhancing the Capacity of States to Understand  
Affordability for All Students

Lee Holcombe, Ed.D.



The Educational Policy Institute, Inc. (EPI) is an international organization dedicated to policy-based research on educational opportunity for all students. EPI is a collective association of researchers and policy analysts from around the world dedicated to the mission of enhancing our knowledge of critical barriers facing students and families throughout the educational pipeline.

The mission of EPI is to expand educational opportunity for low-income and other historically-underrepresented students through high-level research and analysis. By providing educational leaders and policymakers with the information required to make prudent programmatic and policy decisions, we believe that the doors of opportunity can be further opened for all students, resulting in an increase in the number of students prepared for, enrolled in, and completing postsecondary education.

For more information about the Educational Policy Institute, please visit our website:

**[www.educationalpolicy.org](http://www.educationalpolicy.org)**

This edition of Policy Perspectives does not necessarily represent the views of the Educational Policy Institute, its officers, or staff.



## ABOUT THE AUTHOR

Lee Holcombe is a Research Fellow at the Educational Policy Institute. He has managed and conducted quantitative and qualitative research since 1998, working collaboratively with nationally recognized experts to improve education across the K16 continuum. He has extensive experience conducting research and evaluation, most recently involving Race to the Top projects, Invest in Innovation projects, and college prep projects in districts in Colorado and the District of Columbia Public Schools. Prior to his current position, he served as Director of the Texas Higher Education Policy Institute, an in-house policy research center at the Texas Higher Education Coordinating Board that provided critical input to policymakers in their efforts to meet the goals of the state's higher education plan. Dr. Holcombe worked with stakeholders to identify critical research needs, developed action plans to respond to the identified needs, and regularly presented results to stakeholders from the Texas Higher Education Coordinating Board, the state legislature, and the Governor's Office. Previous to his position at the Texas Higher Education Policy Institute, Dr. Holcombe managed and conducted numerous research and evaluation projects at the University of Texas at Dallas and the University of Texas at Austin. He began his career in education as a secondary math teacher in El Paso, Texas. He was awarded his doctorate in education from the Harvard Graduate School of Education and Bachelor of Science in Electrical Engineering from Rice University. Prior to starting his career in education, Dr. Holcombe served as a Peace Corps Volunteer in Morocco.

Dr. Holcombe has been active in the community in multiple capacities. He has worked with school districts, charter schools, and community organizations in their attempts to improve education, lectured to classes at a number of universities, and worked with city and community leaders to recognize and leverage the value of diversity in community development. Most recently, Dr. Holcombe spends much of his free time as a den leader for the Cub Scouts of America.

# Itemized Charges & Student Aid

## Enhancing the Capacity of States to Understand Affordability for all Higher Education Students

Lee Holcombe, Ed.D.

February 2016

## **Itemized Charges & Aid**

### ***Enhancing the Capacity of States to Understand Affordability for all Higher Education Students***

The rise of higher education costs is well known. It is difficult to engage in higher education policy without encountering alarm over the affordability crisis and its consequences for federal and state budgets, students and their parents, and institutions. The cause for alarm is fully justified given what we know about how affordability is related to enrollment (Chen & DesJardins, 2008; Perna & Thomas, 2006; Dynarski, 2003; St. John & Noell, 1989), especially for traditionally underrepresented students (Chen & DesJardins, 2010).

Affordability of higher education is determined by a complex array of factors and actors. Although federal policy is an important driver of student aid, the states are responsible for setting ambitious participation and success goals against the backdrop of unpredictable budgets and politics. In spite of all the attention on costs and participation, many would be surprised to learn that state policymakers and stakeholders still don't know what all students actually pay for higher education.<sup>1</sup>

We are aware that there is an affordability crisis, however, thanks largely to federal databases such as the Integrated Postsecondary Education Data System (IPEDS) and the National Postsecondary Student Aid Study (NPSAS). The College Board (2015), for example, utilized IPEDS to show that the average undergraduate tuition and fees for in-state full-time students at public four-year institutions has increased 113 percent from \$4,400 in 1995-96 to \$9,410 in 2015-16 (adjusted for inflation). More importantly, they showed that the average net tuition and fees (i.e., what students actually pay as determined by total charges less total grants and scholarships) increased 73 percent over the same time period for full-time undergraduate students at public four-year institutions. The College Board and others have performed a great service by maintaining a sustained focus on these compelling trends in their annual publications that stakeholders are familiar with and trust. As a result, the issue of affordability has been a sustained focus of stakeholders.

There is a lot, however, that these national databases do not tell us. IPEDS includes information from every postsecondary institution in the country, but its affordability data is restricted to institutional averages for full-time students only.<sup>2</sup> The affordability data do not address, therefore,

---

<sup>1</sup> This is a central contention of the paper supported by the lack of attention to this issue in the literature and a conversation with Katie Zaback of Complete College America.

<sup>2</sup> See <http://nces.ed.gov/ipeds/datacenter/DataFiles.aspx>.

part-time students who comprise over 43 percent of public higher education enrollment nationally (National Student Clearinghouse, 2014).

The institution-wide averages mask important differences in costs that affect affordability which is a critical determinant of whether states will be able to meet participation goals. Since IPEDS defines full-time as a student that enrolls in 12 *or more* semester-credit-hours (SCHs), we do not know the net price of 12 SCHs versus 15, or 18. This limitation in the data precludes important discussions. For example, Complete College America (2014) has espoused a change in the definition of full-time enrollment to 15 SCHs in order to increase completion rates and time to degree. Absent in its analysis is how this change would affect the net price that students would have to pay or how states and institutions may be able to offset any increases in net price through innovative financial aid policies.

Policies such as guaranteed tuition plans are on the increase where institutions make tuition cost commitments to incoming cohorts for a fixed number of years after their initial enrollment (Delaney & Kearney, 2015).<sup>3</sup> The peer-reviewed research on its effects is not well developed, but what is available is mixed. Although they are often implemented to assist family financial planning and to incent student completion (Thorne & Wright, 1999), some research suggests that they disproportionately affect under-represented groups negatively (Morphew, 2007; Robertson, 2007; Supiano, 2009). Delaney & Kearney (2015) found that the policy in Illinois led to larger increases in tuition than would be expected in the policy's absence because institutions tended to over-estimate its inherent financial risk .

Other policies, such differentiating tuition and fees across majors, especially in high-interest majors such as engineering and nursing, have been on the increase since 1980 (Cornell Higher Education Research Institute, 2011). Research shows that increases in tuition and fees through such policies negatively affects enrollment, especially for low-socioeconomic and minority students (Stange, 2012). Institutional averages for affordability statistics can also mask important trends by groups of policy interest. For example, net price for Hispanic and African Americans has been shown to exceed that of Whites (Long & Riley, 2007).

NPSAS has detailed information regarding student expenses and revenues, but it is based upon a nationally representative sample and data are not available at the regional or state levels.<sup>4</sup> Furthermore, its publication is delayed due to the effort that is required to collect, audit, and

---

<sup>3</sup> According to Delaney & Kearney (2015), the number of institutions with some form of guaranteed tuition policy increased from 356 in 2008 to 467 by 2011.

<sup>4</sup> On occasion selected states will be sampled to be representative of selected state. While this may provide the occasional deeper insight into affordability for the selected states, it does not provide trends over time or insight into how affordability differs by type of institution within states. See, for example, the sample methodology as described in Appendix A of the B&B: 08/09 Full Scale Methodology Report entitled NPSAS:08 Institution and Student Sampling Details retrieved from [http://nces.ed.gov/pubs2014/2014041\\_2.pdf](http://nces.ed.gov/pubs2014/2014041_2.pdf).

prepare the data for deployment to the public. For example, the latest NPSAS data released in the summer of 2015 covers the state of financial aid in 2013.<sup>5</sup> The national databases such as IPEDS and NPSAS are well positioned to show general trends, but were not designed to include the necessary breadth, depth, and timeliness to be useful to states in planning strategically to meet enrollment and success targets.

For successful strategic planning, states need timely and comprehensive affordability data on all students. They have made tremendous progress in recent years in developing student-level administrative databases for K12 and higher education, the advantages of which are that they include every student in the public systems and are more timely than the national data (Data Quality Campaign, 2013). What they capture, however, varies by state in ways that are not well understood. For example, the statewide student-level education databases in Texas are widely considered a model for other states. The data that the Texas Higher Education Coordinating Board collects from institutions on financial aid awarded to enrolled students is one of the most comprehensive in the country. It lists type and amount for every federal, state, and institutional award for every student in a public institution. Stakeholders have utilized these rich data to gain a detailed understanding of how aid is awarded to an increasingly diverse student body across a diverse set of institutions. However, the agency does not collect itemized charges such as tuition and fees paid by each student. It collects institutional average tuition and fees for students who take 12 SCHs or higher, but these data suffer from the same limitations previously mentioned. The state does not know, therefore, the net price that all its students pay.

This raises serious doubts as to whether the capacity of the state data system can support the state's higher education goals. The recently expired Texas higher education plan — Closing the Gaps by 2015 (CTG) — included enrollment goals by ethnicity. The enrollment goal for Hispanics, the state's poorest (Macartney et al., 2013) and fastest growing (U.S. Census, 2011) population — is the only goal that state is not on track to meet (Texas Higher Education Coordinating Board, 2015).<sup>6</sup> One wonders what the enrollment might have been had the state been able to track how much its poorest students were having to pay, and, what the prospects are for success in meeting even more ambitious Hispanic enrollment targets by the year 2030 as laid out in the new Texas higher education plan (60x30TX).<sup>7</sup> The data the state currently collects on full-time students will be of limited use in meeting these goals since minority students in Texas are more likely to enroll part-time (Creusere et al, 2015). Furthermore, the student population overall in Texas is more likely to enroll part-time relative to national averages (Chen & Carroll, 2007).

---

<sup>5</sup> See <http://nces.ed.gov/pubsearch/getpubcats.asp?sid=013>.

<sup>6</sup> Final enrollment figures are not yet available, but Hispanic enrollment numbers have been consistently short of targets in recent years,

<sup>7</sup> <http://www.theccb.state.tx.us/reports/PDF/6862.PDF?CFID=37488778&CFTOKEN=63681930>.

*Enhancing the Capacity of States to Understand Affordability for all Higher Education Students*

In contrast to Closing the Gaps, 60x30TX responds to the higher education debt crisis by establishing specific targets benchmarked to first-year wages of graduating students, a laudable addition since the impact of the debt crisis has had significant impact on Texas students. Texas low-income students disproportionately rely upon loans for aid relative to the nation as a whole, and default rates have been increasing and are higher than the national average (Rice, 2013). The information available through the state student level data system, however, does not allow the state to fully examine the primary determinants of the increased debt burden: trends in the net price facing all students and the extent to which the net price is financed with student debt.

The limitations in the data also inhibit the ability of the state to provide accurate net price data to prospective students and their parents. The state-sponsored online net price calculator presents institution averages which can be potentially misleading to the prospective student who in all likelihood is unaware that institutions may be differentiating their tuition and fees.<sup>8</sup> Students and their parents are making potentially life-changing application and attendance decisions based upon information that may not accurately pertain to them.

State stakeholders need data to assess which policies and strategies advance progress towards their goals. It has to be the right data delivered in a timely manner. In order to meet higher education participation and success targets, itemized charges (e.g. tuition, fees, room and board) paid by each student is critical in addition to the amount and type of aid received. Both aid and charges for every student are needed if states are to fully understand affordability and how it is affecting participation and success for all students. In the absence of these data, states do not know the prevalence of innovative institutional policies, such as differentiated tuition, and the extent to which they are affecting affordability and participation, particularly in fields of state policy interest such as engineering and nursing. This lack of knowledge handicaps their ability to craft evidence-based state policy that would facilitate progress towards state goals.

Encouragingly, Indiana has taken steps to collect these data for every student attending their public institutions in order to provide accurate estimates for return on investment to prospective students. As the new statewide Indiana data matures, they will provide a new rich resource for academic researchers to mine as well. The net result will be a data base that will provide their state stakeholders with unprecedented capacity to understand how affordability is related to participation and success.

The case of Texas illustrates that even states with highly-regarded and mature statewide student-level data systems may be lacking in important respects that limit their capacity to meet its higher education goals. Fortunately, the technical path to obtaining this critical information is short in many states like Texas. The institutional data systems that are used to provide the financial aid

---

<sup>8</sup> See <http://www.collegeforalltexas.com/index.cfm?objectID=8F88F7F2-A11A-B69F-5E25D9D6F972DAE4&audience=student>.

data to states already includes the expenses that students are charged. In other words, it is a simple programming and documentation change. There are no additional data collection systems that need to be implemented. With very little effort, states like Texas can vastly enhance their capacity to meet their participation and success goals.

Many states agencies already have authority to request these data from institutions, but some states may require a legislative response. State agencies should work collaboratively with institutions to identify precisely which additional data elements need to be collected and how often. Indiana collects the data annually, receiving information that reflects bill information for the entire previous academic year. The steps to collect and report the data will vary across states as the data management and handshake protocols are state-specific.

Now is the time to provide assistance to those states that are considering collecting these data, outlining the benefits they portend and how they would fit into the state's policy context. Those states that move down this road would gain from coordinating their efforts to ensure that they are collecting the right data elements and that they are correctly specified. In addition, states would benefit from learning how other states are planning to use the new information to inform policy. For example, states may want to consider measures from these data (e.g. net price for low-income part-time students disaggregated by institutional mission) for their state higher education plans. The use of these data would and should be appropriate to each state. What is clear, however, is that all states need them if they are to effectively progress towards their higher education goals.

## References

- Brown, M. (2013). Student Debt Overview. Federal Reserve Bank of New York. Downloaded from [http://www.newyorkfed.org/regional/Brown\\_presentation\\_GWU\\_2013Q2.pdf](http://www.newyorkfed.org/regional/Brown_presentation_GWU_2013Q2.pdf).
- Chen, R. & DesJardins, S. (2008). Exploring the effects of financial aid on the gap in student dropout risks by income level. *Research in Higher Education*, 49(1), 1-18.
- Chen, R., & DesJardins, S. (2010). Investigating the Impact of Financial Aid on Student Dropout Risks: Racial and Ethnic Differences. *Journal of Higher Education*, 81(2), 179-208.
- Chen, X., & Carroll, C.D. (2007). Part-time undergraduates in Postsecondary education: 2003-04. Postsecondary education descriptive analysis report. U.S. Department of Education National Center for Education Statistics. NCES 2007-165.
- Complete College America (2014). Four-year myth: Make college more affordable, restore the promise of graduating on time. Retrieved from <http://completecollege.org/wp-content/uploads/2014/11/4-Year-Myth.pdf>.
- Cornell Higher Education Research Institute (2011). 2011 Survey of Differential Tuition at Public Higher Education Institutions. Retrieved from: <https://www.ilr.cornell.edu/sites/ilr.cornell.edu/files/2011%20Survey%20of%20Differential%20Tuition%20at%20Public%20Higher%20Education%20Institutions.pdf>

*Enhancing the Capacity of States to Understand Affordability for all Higher Education Students*

- Creusere, M., Fletcher, C., Klepfer, K., Norman, P. (2015). State of student aid and higher education in Texas. TG Research and Analytical Services. Retrieved from <http://www.tgslc.org/pdf/sosa.pdf>.
- Data Quality Campaign (2013). Data for action 2013. Retrieved from <http://www.dataqualitycampaign.org/wp-content/uploads/files/DataForAction2013.pdf>.
- Delaney, A.D., Kearney, T.D. (2015). The impact of guaranteed tuition policies on postsecondary tuition levels: A difference-in -difference approach.
- Dougherty, K.J., Jones, S. M., Lahr, H., Natow, R. S., Pheatt, L., Reddy, V., (2014). Implementing Performance Funding in Three Leading States: Instruments, Outcomes, Obstacles, and Unintended Impacts. Community College Research Center Working Paper No. 74. Columbia University, New York, NY.
- Dynarsky, S. M. (2004). Who benefits from the education saving incentives? Income, educational expectations, and the value of the 529 and Coverdell," National Bureau of Economic Research. Working Paper No. 10470.
- Long, B. T., & Riley, E. K. (2007). Financial aid: A broken bridge to college access? Harvard Educational Review, 77(1), 39–63.
- Macartney, S., Bishaw, A., Fontentot, K. (2013). Poverty rates for selected detailed race and Hispanic groups by state and place: 2007–2011. American Community Service Briefs, U.S. Census Bureau. February.
- Morphew, C.C. (2007). Fixed-tuition pricing: A solution that may be worse than the problem. Change: the Magazine of Higher Learning, 39(10), 34–39.
- National Student Clearinghouse (2014). Current Term Enrollment – Spring 2014. National Student Clearinghouse Research Center. Retrieved from <http://research.studentclearinghouse.org>.
- New York Federal Reserve Bank (2013). Student Loan Debt by Age Group. Retrieved from <http://www.newyorkfed.org/studentloandebt/>.
- Perna L. W. & Thomas, S. L. (2006). A framework for reducing the college success gap and promoting success for all. National Symposium on Postsecondary Student Success: Spearheading a Dialogue on Student Success. National Postsecondary Education Cooperative. Retrieved from [http://nces.ed.gov/npec/pdf/Perna\\_Thomas\\_Report.pdf](http://nces.ed.gov/npec/pdf/Perna_Thomas_Report.pdf).
- Rice, E. (2013). Financial aid at the crossroads: Managing the student debt crisis in Texas. TG Research and Analytical Services, Texas Guaranteed Student Loan Corporation.
- Robertson, A.D. (2007). Measuring the impact of guaranteed tuition plans on enrollment at a minority serving public institution (Doctoral dissertation). Retrieved from Proquest. (UMI No. 3255868).
- St. John, E. P. & Noell, J. (1989). The effects of student financial aid on access to higher education: An analysis of progress with special consideration of minority enrollment. Research in Higher Education, 30(6), 563–581.
- Stange, K.M. (2013). Differentiated pricing in undergraduate education: Effects on degree production by field. National Bureau of Economic Research Working Paper No. 19183.
- Supiano, B. (2009, April 24). The psychology of college pricing. The Chronicle of Higher Education, A4.
- The College Board (2015). Trends in College Pricing 2014. The College Board. Retrieved from [trends.collegeboard.org](http://trends.collegeboard.org).
- Texas Higher Education Coordinating Board (2015a). The Closing the Gaps progress report. Retrieved from <http://www.thecb.state.tx.us/reports/PDF/5924.PDF?CFID=15618325&CFTOKEN=52875225>.
- Texas Higher Education Coordinating Board (2015b). 60x30TX: The 2015–2030 Higher Education Strategic Plan for Texas. Retrieved from <http://www.thecb.state.tx.us/reports/PDF/6664.PDF?CFID=30926137&CFTOKEN=87354132>.

*Enhancing the Capacity of States to Understand Affordability for all Higher Education Students*

Thorne, C., & Wright, S.W. (1999). Guaranteed tuition programs gaining popularity across the country. *Community College Week*. 11,8.

Ward, M. (2012). Perry outlines plan to lock in college fees. *AustinAmerican-Statesman*. Retrieved from <http://www.statesman.com/news/news/local/perry-outlines-plan-to-lock-in-college-fees/nSLZb/>.

US Census Bureau. (2011, May 26). 2010 census shows nation's Hispanic population grew four times faster than total U.S. population. Retrieved January 16, 2013, from [http://www.census.gov/newsroom/releases/archives/2010\\_census/cb11-cn146.html](http://www.census.gov/newsroom/releases/archives/2010_census/cb11-cn146.html)