



State Higher Education Executive Officers

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December 14, 2005

Mr. Charles Miller
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Dear Charles:

I'm writing to follow-up our conversation on student aid issues at the airport in Nashville.

I'll be brief because I know you will be receiving lots of input; I'd be happy to elaborate in writing or in conversation with you or the Commission staff if that would be useful.

I want to make a suggestion designed to get more low-income students prepared, enrolled, and succeeding in college. By low income I mean students with an expected family contribution of zero or near zero, which generally means an income of less than \$25,000 to \$30,000.

Using Colorado as an example, the budget for living expenses, transportation, books, and supplies for low-income students is \$9,000 to \$12,000, depending on the institution attended. The maximum Pell Grant of \$4,050 provides partial support for these costs. A reasonably heavy work expectation for a full-time student, (say 20 hours per week year-round at the minimum wage) will generate \$5,000 to \$6,000, just enough to cover these non-tuition costs on a no-frills budget.

This leaves nothing to pay tuition. If low-income students enroll anyway and lack other aid, they typically work more hours or go to school exclusively part-time, both factors highly correlated with never finishing a degree program.

The states where higher education is most "affordable" provide state need-based aid to cover tuition costs, usually in amounts that in the aggregate nearly equal (75% or more) the total Pell Grants received by students in that state. Only seven states met that threshold in 2004, Illinois, Indiana, Minnesota, New Jersey, New York, Pennsylvania, and Vermont. Many of the other states have relied on "low tuition" to meet this need, but low tuition is becoming a memory nearly everywhere.

In some cases institutional aid programs may fill this gap, but institutional aid is much less effective than a visible, predictable, portable state aid program in encouraging low-income students to plan and prepare for college. Students never know whether

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institutional aid is available until after they are admitted; students who are poor are much more likely to assume college is unaffordable and neglect proper preparation.

Especially because of rising tuitions around the country, it would be useful for the Commission to encourage all states to develop strong, need-based state aid programs. It also would be useful to recommend the federal government re-design its LEAP program, originally intended to encourage the development of state need-based aid, in ways to motivate states and assist them in building stronger programs.

To this recommendation I suggest a new dimension. Last year President Bush proposed a supplemental program to provide an extra \$1,000 to Pell Grant recipients who complete the requirements for being a "State Scholar." Some criticized the idea because they don't like any kind of "merit" program. Others criticized it because "State Scholar" programs don't exist in every state or even every high school in the states where it is present. Many Pell Grant recipients would not have an opportunity to benefit from the President's proposal.

The President's proposal is targeted on the right objectives because it would help address the financial needs of low-income students *and* it could motivate more students to take the college prep curriculum and work harder in high school. But it would be difficult and costly for the federal government to administer such a program, especially given the different circumstances of the states.

Instead, the Commission should recommend redesigning LEAP to assist and motivate states to create programs which address the goal of the President's proposal. Oklahoma's OHLAP program and Indiana's 21st Century Scholars Program do this by providing extra assistance to low-income students who complete the college prep curriculum and making early commitments. They "enroll" students in 7th to 10th grade, and promise financial aid equal to public sector tuition if the student prepares properly for college. In Oklahoma the student has to have a family income under \$50,000, take the college prep curriculum, achieve a 2.5 GPA, and stay out of trouble with the law. I've attached a presentation on the Oklahoma program that provides the details and shows some impressive results.

I'd like to summarize the case for this recommendation in the following way. Students in high SES families (regardless of academic ability) have higher rates of participation and success in higher education because they know it is possible to pay for college, their parents encourage them to take the necessary courses to prepare, and they are able to focus on their studies by enrolling full-time without working excessively. We may not be able to make college "easy" for low income students, but we should make it possible without heroic effort. An early commitment of financial aid for low-income students who do the academic work required to prepare is the right thing to do.

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This suggestion, as a complement to Pell as it is now structured would go a long way to increasing the success of the next generation of traditional students.

Thanks again for your interest and commitment to the success of higher education. I'd be happy to discuss this if that would be helpful.

With every good wish,

Sincerely,

Paul E. Lingenfelter
President