



Women Employed

A Vision for Illinois' Financial Aid System Winter 2006

Women Employed envisions a financial aid system for Illinois in which every adult has the opportunity and the resources to achieve up to a four-year baccalaureate degree. Education beyond high school provides great benefits for individuals, businesses, and the state.

For individuals, college is the best strategy for improving opportunities and achieving higher earnings: at least one year of occupational study is the tipping point for earning higher wagesⁱ and a bachelor's degree nearly doubles an adult's earning potential.ⁱⁱ For businesses, increasing the number of college graduates will enable Illinois to meet growing demand for highly skilled and educated workers, and for the state, more college graduates will fuel higher per capita incomes, strengthen our tax base, and make Illinois more attractive to business.

To substantially increase the number of people who graduate from college in Illinois, we must make our institutions of higher learning accessible and affordable through a financial aid system built on the following five tenets:

1. Our financial aid system should prioritize the needs of students with the fewest resources. Ensuring that every Illinoisan who wishes to attend college can afford to do so, regardless of need, should be one of our state's highest priorities.
2. Our financial aid system should reflect the diversity of and unique challenges for today's students, many of whom are working adults who may be supporting families and taking classes part-time. As more working adults seek higher education, we need new solutions to support them in achieving college credentials, especially since 40 percent of Illinois adults (over 2 million individuals) have no postsecondary education.ⁱⁱⁱ
3. Our financial aid system should incorporate reasonable student contributions, representing shared responsibility for the college investment. A student's contribution of earned income and loans should not be burdensome and hinder attainment of educational goals.

It's up to us.

4. Our financial aid system should allow those who need further preparation for college-level work to receive it without sacrificing their opportunity to complete a degree.
5. Our financial aid system should make information about college resources easily accessible to every Illinoisan.

To increase the number of college graduates in our state, we must find ways to increase our grant aid dollars and stretch them further, to fund a financial system that truly benefits those who need it, and to open the door to college for all the Illinoisans who want a better future. Despite Illinois' major investment in college affordability, higher education is out of reach for too many students. In fact, Illinois' grade for college affordability on the national higher education report card has dropped from an "A" to an "F" in just five years.

Although Illinois has one of the most generous financial aid systems in the country, providing nearly \$500 million to college students each year, grant programs are under-funded by hundreds of millions of dollars and, as a result, students are burdened with an increasingly heavy share of the college cost. The cost of attending a community college, *even after aid*, is over one-third of annual family income for the state's poorest families^{iv} – and half of annual family income at a public four-year university.^v

There are three immediate steps Illinois can take to make college more affordable and degree completion more attainable. These three policy proposals would direct more resources to the lowest-income students, especially independent adult students, laying the groundwork for an improved financial aid system in Illinois:

Incorporate the most recent tuition and fees when calculating grant awards

While tuition and fees at all public universities and community colleges have increased, our financial aid system is still using four-year-old figures for determining need, keeping students from receiving the aid they need. In response to budget cuts, the Illinois Student Assistance Commission (ISAC) has not been using current tuition and fee figures in the college cost calculation of the Monetary Award Program (MAP) formula since FY2003. Replacing 2003-04 tuition and fee figures with projected costs for the 2007-2008 school year would cost \$52 million, would increase average awards by nearly \$400 each, and allow for 5,500 more grant recipients. An updated calculation benefits all students, particularly those at lower-cost institutions, who tend to be the neediest and would now receive a fairer aid package.

Decrease the “work penalty,” which limits independent students’ eligibility for aid

Independent students^{vi} in Illinois face a Catch-22 when applying for grant aid: so much of their earned income, however meager, is considered applicable to education costs that they are often denied public support, leading many to label it the “work penalty.” While this penalty originates with the federal financial aid formula, ISAC has the capacity to alter the eligibility determination process to allow independent students earning low wages to keep more of what they earn and receive higher MAP awards. An initial conservative cost estimate to decrease the “work penalty” is \$18 million and would benefit nearly 33,000 students. Decreasing the “work penalty” would ensure Illinois’ grant aid resources are going to students who truly need the assistance but are currently finding it hard to persist in college because their expected contribution is prohibitively high.

Fully invest in the Silas Purnell Illinois Incentive for Access program

For a decade, Illinois has encouraged very low-income students to enroll in college through the innovative Silas Purnell Illinois Incentive for Access (IIA) program. IIA is the only resource specifically designed for Illinois’ poorest college students, providing freshman who have few or no resources with a stipend for non-tuition expenses such as books and transportation. The state should fully fund this important grant program to its 2003 legislated expansion to help nearly 25,000 college students on their path to economic self-sufficiency. If fully funded, grants would increase to \$1,000 from \$500 for students with no ability to pay for college, and students with limited resources would receive grants of \$500, costing an additional \$15 million (IIA is currently funded at \$8 million).

To ensure prosperous families and competitive businesses in Illinois, we need a higher education system that is affordable and accessible to all adults trying to build a better future for themselves and their families. Building on recent gains in student aid, the three financial aid policy proposals outlined above will go a long way towards ensuring that scarce state resources are directed at those who need it the most and that we are building a strong foundation for increased college completion and economic success in Illinois.

ⁱ David Prince and Davis Jenkins. *Building Pathways to Success for Low-Skill Adult Students: Lessons for Community College Policy and Practice from a Statewide Longitudinal Tracking Study*, 2005.

ⁱⁱ U.S. Census Bureau. *American Community Survey*, 2003.

ⁱⁱⁱ John Clark. *Integrated Public Use Microdata Series: Version 3.0*, 2004.

^{iv} The state’s poorest families are defined as families in the bottom two income quintiles (average family income of \$30,368 or below).

^v Illinois State Report. *Measuring Up: The National Report Card on Higher Education*, 2006.

^{vi} Independent students are defined by any one of the following: students 24 years or older, married, graduate student, has children, ward of the state or orphan, or veteran of Armed Forces.