

FINANCIAL AID AND OLDER WORKERS

Supporting the Nontraditional Student

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**Strategies for the Improving Economic
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The Increasing Role of Older Students in Higher Education

Students are getting older... Those age 25+:

1970 28% of students
1995 43% of students

- “Retooling” skills
 - 56% of the American workforce needs education beyond a high school degree to do their jobs
 - 8 out of 10 new jobs created over the next 2 decades will require some postsecondary educ
- Changes in social programs (welfare; job training)
- “Pent up” demand (groups who previously did/could not attend)
- Changing relative cohort size (baby boomers)

Who is a Nontraditional Student?

Federal definition (“*Independent*” Student)

Age 24+, married, has dependents, veteran, orphan/ward of the state before age 18

- Delays enrollment after high school
 - Attends part-time
 - Works full-time while enrolled
 - Financially independent
 - Dependents other than spouse (i.e., single parents)
 - Does not have a regular HS diploma (i.e., GED)
 - Displaced or Unemployed
 - Welfare recipients
- ➔ **73% of undergraduates** (Choy, 2002)

Who is a Nontraditional Student?

Data: Ohio Public Higher Education System
Age 21+, Fall 1998 first-time students, over four yrs

	All	Gender	
		Male	Female
Assoc. Deg. only	22.2	19.1	25.1
Transfer	8.9	8.6	9.2
Bachelor	25.3	23.1	27.3
Certificate	5.1	5.6	4.6
Upgrade Skills	11.4	11.1	11.7
Particular Courses	14.3	18.5	10.4
Observations	17,480	8,365	9,115

Who are Nontraditional Students?

College Major

	Univ. Main	Univ. Branch	Local CCs	State CCs	Technical Colleges
Business	29.72	51.84	39.36	28.68	45.22
Social Science	12.34	4.45	3.18	0.72	0
Education	12.26	11.81	9.61	5.35	3.13
Computer Sci.	10.69	8.44	14.84	7.96	12.36
Engineering	7.31	3.83	2.26	0.34	0.68
Engin. Tech.	8.41	11.66	18.16	54.03	30.99
Humanities	4.64	1.84	8.90	0.31	0
Communication	4.25	2.15	0.99	0.14	0
Science	5.27	2.61	0.85	0.17	0
Social Work	3.22	0.77	0.07	0.17	7.62
Foreign Lang.	1.02	0.00	1.77	0.07	0

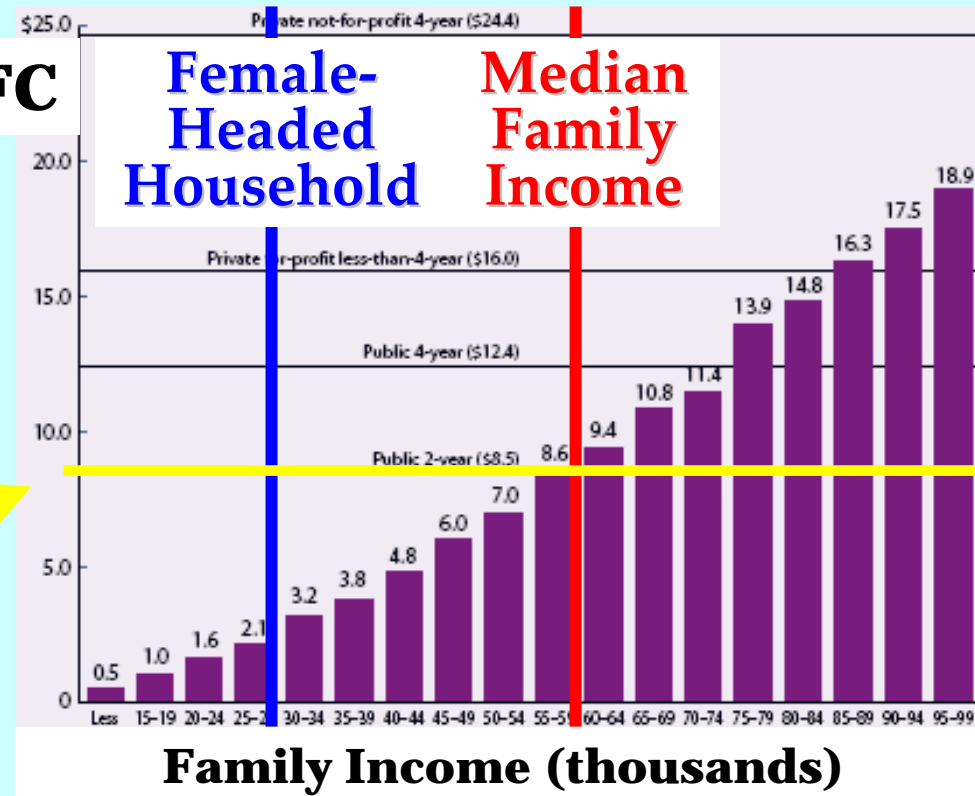
The Federal Financial Aid System

Free Application for Federal Student Aid (FAFSA) → Expected Family Contribution (EFC)

- Earnings
- Size of the family
- Number in college
- Age of the older head of household

Mean Public 2yr Tuition → Family Income of \$55,000-59,000

EFC



The Financial Aid System and Nontraditional Students

- The FAFSA Calculation for Independent Students: Not expected to rely on parental contributions (tend to have lower EFCs)
- A single adult with two children:
 - At the poverty threshold (\$16,242) → EFC = **\$0**
 - 150% of poverty level (\$24,363) → EFC = **\$401**
 - 200% of poverty level (\$32,484) → EFC = **\$2,116**

Unmet Financial Need (Cost – EFC – Aid)

- \$4,800 for Independent students (\$5,900 for dependent students)
- 54% of independent students still had financial need (only 46% of dependent students)

Critiques of the Aid System for Nontraditional Students

- Basic design assumes traditional age student dependent on their parents and attending FT
- Because of concurrent employment, their EFCs are often too high for them to qualify for aid
- Some programs require at least:
 - Part-time status (i.e., the federal Pell Grant)
 - Enrollment in a particular degree programs
 - A regular HS diploma
- Less-than-half-time students often have too low cost of attendance for eligibility

The Impact of Financial Aid on Older Students

Federal Pell Grant

Year	# of Recipients	% Independent
1973-74	176,000	13.3
2000-01	3,853,000	56.0

Seftor & Turner (2002) “Back to School: Federal Student Aid Policy and Adult College Enrollment”

- Before-and-After (Diffs-in-Diffs) Analysis
- Introduction of Pell increased probability of attending **1.5 %** pts for men & **1.3 %** pts for women
- ➔ Translates into **16 percent** relative growth for men and **40 percent** growth for women

The Impact of Financial Aid on Older Students

Beyond aid for college expenses. . .

Simmons and Turner (2004) “Taking Classes and Taking Care of the Kids: Do Childcare benefits increase educational attainment.”

- 1988-89: Pell allowed \$1,000 in childcare cost
- NLSY79; Diffs-in-Diffs
- Increased enrollment rate of women with kids
- Interpret with caution due to confounding factors (other social programs and labor market incentives)

Why might nontraditional students be more responsive to financial aid?

- Greater credit constraints than younger students (kids to take care of; family less likely to contribute)
→ Aid can make a major difference
- Because older students have experience with complex processes (tax forms) they may be more adept and less daunted by the complex eligibility requirements
- Older students more likely to choose a convenient, local college (no major transition costs, i.e. moving)
- Types of colleges older students attend are unlikely to give aid or response to policy by raising prices

Supporting Older Workers: Reforming Aid for the Future

- Change the eligibility criteria to include students who attend less-than-PT and in short-term pgms
- Lifelong Learning / Career Advancement Accounts
- Consider interaction between social programs & aid so one does not adversely affect another
- More subsidies for child care and other expenses prevalent among older students
- Colleges could create: Flexible schedules and programs; Career-oriented programs tied to jobs;
- Also needed: Willingness to serve nontraditional needs (child care; developmental ed; re-training issues); Extra supports for nontraditional needs