FINANCIAL AID AND OLDER WORKERS

Supporting the Nontraditional Student

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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

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Gender</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>Assoc. Deg. only</td>
<td>22.2</td>
<td>19.1</td>
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<tr>
<td>Transfer</td>
<td>8.9</td>
<td>8.6</td>
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<tr>
<td>Bachelor</td>
<td>25.3</td>
<td>23.1</td>
</tr>
<tr>
<td>Certificate</td>
<td>5.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Upgrade Skills</td>
<td>11.4</td>
<td>11.1</td>
</tr>
<tr>
<td>Particular Courses</td>
<td>14.3</td>
<td>18.5</td>
</tr>
<tr>
<td>Observations</td>
<td>17,480</td>
<td>8,365</td>
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</tbody>
</table>
## Who are Nontraditional Students?

### College Major

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

<table>
<thead>
<tr>
<th>Year</th>
<th># of Recipients</th>
<th>% Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>176,000</td>
<td>13.3</td>
</tr>
<tr>
<td>2000-01</td>
<td>3,853,000</td>
<td>56.0</td>
</tr>
</tbody>
</table>


- 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...


- 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