

State Advocacy Toolkit

Talking Points

NASFAA has developed a set of talking points that outline the importance of state financial aid programs. These talking points focus on the critical role that state aid programs play in promoting student access and success, placing particular emphasis on the importance of these programs amid the COVID-19 pandemic. The talking points also highlight research demonstrating the effectiveness of specific state aid programs in improving higher education access and attainment for in-state students.

General Talking Points

- State financial aid programs play a crucial role in ensuring access to affordable higher education and must be adequately funded to ensure all eligible students receive the financial aid they need to enroll and succeed in college.
- The economic downturn caused by the COVID-19 pandemic has resulted in soaring unemployment and left millions more families struggling financially. Currently, more than 40 million Americans have become unemployed since the start of the national emergency. This makes state financial aid support even more crucial.
- Even after federal and institutional grant aid, many low-income students still have significant unmet financial need. State grant aid is essential in filling the gaps and providing support for students who could not otherwise afford higher education without relying on substantial amounts of loans.
- Students, especially rural and/or low-income, need greater financial support than ever to start or continue their postsecondary education. During the most recent recession, the share of undergraduate students receiving Pell Grants spiked from about 26% in 2008-09 to a high of 38% in 2011-12, suggesting that higher education may serve a larger percentage of low-income students in the coming year as a result of the economic downturn caused by COVID-19.
- State financial aid programs have a demonstrated ability to improve higher education access and attainment for in-state students. See below for examples.

State Aid Programs Impact on College Enrollment & Attainment:

State financial aid programs have a demonstrated ability to improve higher education access and attainment for in-state students. By raising the college participation rate and attainment of in-state students, particularly those of low and moderate income, state grant programs also benefit state economies by meeting state workforce needs, increasing tax revenues, and keeping skilled workers in the state.

- One study examined the long-term impact of the Florida Student Access Grant (FSAG) on college access and success. When compared with a peer comparison group that fell just above the grant's income cutoff, low-income students who received an additional \$1,300 in state grant aid were 22% more likely to earn a bachelor's degree in six years, 12% more likely to enroll at a public four-year institution immediately after high school, saw a 4.3 percentage point increase in their probability of continuous enrollment through the first year, and accumulated more credit hours after four years.¹
- One study examined the long-term education and labor outcomes of students who received the Cal Grant, a state-funded aid program in California that awards grants based on both merit and financial need through minimum GPA requirements and income thresholds. The study, which examined student outcomes up to 14 years after high school graduation, found that Cal Grant eligibility raised bachelor's degree attainment by 3 to

¹ Castleman, B.L. & Long, B.T. (2016). Looking beyond enrollment: The causal effect of need-based grants on college access, persistence, and graduation. *Journal of Labor Economics*, 34 (4), 1023-1073.

4.6 percentage points. The study also found lower-achieving students near the GPA threshold who received the Cal Grant saw a 10% increase in the likelihood of earning a bachelor's degree, a 26% increase in the likelihood of earning a master's degree, and a 3% to 4% increase in earnings.² Another study that previously studied the Cal Grant program found a 3 to 4 percentage point increase in college enrollment among financial aid applicants who were eligible to receive the grant.³

- A study exploring the West Virginia PROMISE scholarship found the program had a large and positively significant relationship with bachelor's degree completion and decreased time-to-degree. Four-year bachelor's degree completion rates rose by more than 50% (increasing 9.4 percentage points), and five-year completion rates saw a 12% increase of 4.5 percentage points. Recipients were also more likely to have a GPA of 3.0 and have earned 120 credits within four years.⁴
- A study exploring the relationship between state need-based aid programs and community college enrollment found these programs led to an increased likelihood of enrollment across these students.⁵
- An examination of Georgia's HOPE scholarship found the program led to a 7 to 7.9 percentage point increase in the college enrollment rate of the state's high school graduate-aged residents (18 to 19 years old). The study estimated that an increase of \$1,000 in aid grew Georgia's overall college attendance rate 3.7 to 4.2 percentage points.⁶
- One study examined the relationship between state aid programs in Georgia and Arkansas and the educational attainment of the state populations. The results suggest the programs led to a 1.6 percentage point increase in the college enrollment rate, a 1.94 percentage point increase in the population share who completed any years of college, a 2.98 percentage point increase in the population share who completed any college degree, and a 2.52 percentage point increase in the population share with at least a bachelor's degree.⁷
- In the 14 years following the creation of the Arkansas Academic Challenge Scholarship, the state saw growth in a number of areas related to college attainment.⁸ The state:
 - Saw lower numbers of high school students taking remedial courses (decreasing from 60% to 50%)
 - Increased its college-going rate from 48% to 61%
 - Retained 89% of resident freshmen who had graduated from high school in the previous year and enrolled in four-year colleges and universities
 - Saw a jump in the portion of high school seniors who complete a college preparatory core curriculum, from 40% to 78%
 - Saw a 25% increase in the number of high school students who took the ACT

² Bettinger, E., Gurantz, O., Kawano, L., Sacerdote, B., & Stevens, M. (2019). The long-run impacts of financial aid: Evidence from California's Cal Grant. *American Economic Journal: Economic Policy*, 11(1), 64-94.

³ Kane, T.J. (2003). A quasi-experimental estimate of the impact of financial aid on college-going. *National Bureau of Economic Research Working Paper 9703*.

⁴ Scott-Clayton, J. (2011). On money and motivation: A quasi-experimental analysis of financial incentives for college achievement. *Journal of Human Resources*, 46(3), 614-646.

⁵ Kim, J. (2012). Exploring the relationship between state financial aid policy and postsecondary enrollment choices: A focus on income and race differences. *Research in Higher Education*, 53(2), 123-151.

⁶ Dynarski, S.M. (2000). Hope for whom? Financial aid for the middle class and its impact on college attendance. *National Tax Journal*, 53 (3), 629-661.

⁷ Dynarski, S.M. (2008). Building the stock of college-educated labor. *The Journal of Human Resources*, 43 (3), 576-610.

⁸ [State grant aid and its effects on students' college choices](#)