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Report Shows Targeted Financial Aid Improves Student Success

BATON ROUGE, La –A report presented to the Governance Commission studying higher education in Louisiana shows strategically targeting need-based financial aid dollars could improve retention rates for students—increasing their chances of graduating from college with a degree. The Gates funded report, authored by Noel-Levitz as well as the American Institutes of Research provided several key findings including:

- High school Grade Point Average (GPA) is the strongest variable in predicting retention.
- Pell Grants improve retention for the most “at-risk” students.
- Pell Grants coupled with Louisiana’s GO Grants improve retention more than Pell alone, by 14%.
- Increasing GO Grants up to \$4,000 and targeting it towards students with weak overall financial aid awards could most positively impact Louisiana’s retention rates.

“With our goal of improving the number of adults in our state with a college degree we must look at strategically using limited state dollars to get the most bang for our buck,” said Commissioner of Higher Education Jim Purcell. “What’s powerful about this report is it shows us that redirecting the scarce resources we currently receive for GO Grants into increased awards for students who need it the most will result in the best return on our investment when it comes to keeping students in college. This kind of strategy is exactly what we should focus on if we want to make the improvements tax payers expect from our universities.”

GO Grants were established in Louisiana in 2007-08 and are awarded to students who are eligible for federal Pell awards to supplement those grants. For the 2007-08 and 2008-09 academic years, GO Grants were valued at \$2,000 per year for full-time students. In 2010-11, the grant amount was reduced to \$900 due to budgetary constraints, but increased to \$1,000 for 2011-12. GO Grants are awarded by public postsecondary campuses on a first-come, first-served basis, based on need.

According to Noel-Levitz, one of the major goals of the report was to determine the amount of financial aid that leads to the best student retention levels. The results show that the most positive impact of increased aid occurs when meeting 55-60% of a student’s need, and declines after that point.

Table 4: Fall-to-Fall, Same-School Retention by Percentage of Need Met With Gift Aid
Pell Grant Recipients in Louisiana Statewide and Regional Universities (Fall 2006, 2007, and 2008 Cohorts)

Percent of Need Met With Gift Aid	Retained	Did Not Retain	Total	Retention Rate
<30%	753	892	1,645	45.8%
30% to <40%	1,144	936	2,080	55.0%
40% to <50%	1,680	1,128	2,808	59.8%
50% to <55%	795	446	1,241	64.1%
55% to <60%	683	270	953	71.7%
60% to <70%	1,195	494	1,689	70.8%
70% to <80%	980	310	1,290	76.0%
80% or more	1,544	333	1,877	82.3%
Total	8,774	4,809	13,583	64.6%

CHI SQUARE RESULTS: df 7; value 744; p-value < 0.0001

PAGE 2-Financial Aid Study

Based upon that significant finding, the authors of the report presenting the following policy recommendations to the Governance Commission:

- Restore GO Grant funding to the original level.
- Continue campus-based GO Grant allocations.
- Increase the maximum GO Grant to \$4,000 (given current tuition figures) and target it to students who have less than 55-60% of their need met with gift aid.
- Ascertain campus ability to package GO Grants according to the preceding rule.

“This report reinforces that a critical metric in determining not only who goes to college but whether they are retained is percent of need met with gift aid,” said Kevin Crockett, President of Noel-Levitz. “There is a lot more gain in retention to be had if you focus on students with weak financial aid packages. Actually this is good news because it shows that Louisiana’s policy of adding GO Grant awards to Pell grants not only increased the percentage of need met by 14%, it also provided a 5.6 percentage point improvement in retention. Additionally, when you add TOPS to GO Grants and Pell, there was little additional gain in student performance leading us to conclude that if you’re able to target your available dollars on getting students to the 55-60% funding level no matter what the source, you’ve gotten the best results possible. It’s about creating the most effective financial aid package available for each student.”

The financial aid study by Noel-Levitz was based on 37,251 full-time student records during the fall terms of 2006, 2007 and 2008 from Louisiana’s public statewide and regional four-year universities. The state’s flagship university, Louisiana State University and A&M College, was excluded because its first-to-second-year retention rate is already considerably higher than the rates at the other four-year universities. Additionally, the statewide and regional campuses collectively enroll four times as many students as LSU meaning increases in their retention rates represent both a far greater challenge as well as an important opportunity for improvement.

The study’s next steps includes an analysis of financial aid at Louisiana’s community colleges and a review of students who are not receiving Pell Grants but still have a financial need. Today’s presentation by Crockett was part of the Governance Commission’s deliberations on tuition and financial aid. The Commission is to report its findings and recommendations to the Legislature prior to the 2012 Session.

The cost of the study was covered by a \$50,000 investment for two years by both the Louisiana Board of Regents as well as the Oklahoma Board of Regents. Additionally, the Bill and Melinda Gates foundation invested half a million dollars towards the research and analysis. Moving forward, the study will be replicated in Oklahoma to reinforce the results and to analyze potential differences in the data sets resulting from a need-sensitive state aid program (OK) versus a largely merit-sensitive program (LA-TOPS).

The full report is posted on the Board of Regent website at:

<http://www.regents.doa.louisiana.gov/assets/docs/Board/CommishPresent/LAPELLSTUDY1011.pdf>.

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