

Overview of the State Need Grant Program

Senate Higher Education Committee

February 7, 2013

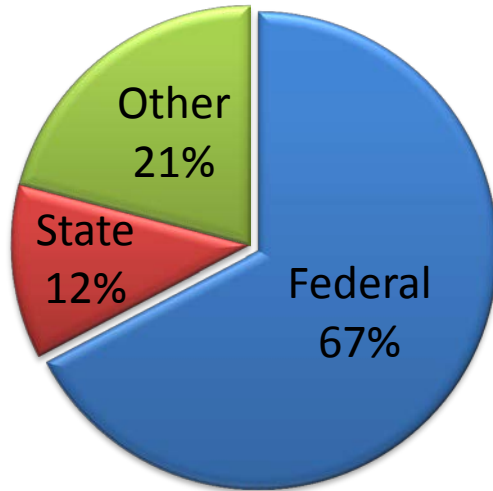
Costs rise and aid dollars are stretched...

- Tuition increases in the double-digits for several years
- Record numbers of FAFSAs filed – exceeding 500,000
- Average loan amounts increasing
- State Need Grant not available to about 31,000 eligible students in 2011-12

Yet more aid has been offered than ever before...

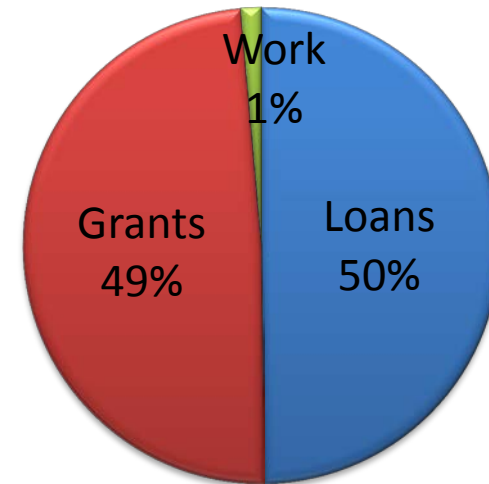
- State Need Grants awarded to at least 75,000 students
- More than a billion dollars in aid to resident undergraduates
- \$40 million in private scholarships through *theWashBoard.org*

Financial Aid by Source 2011-12



Federal: \$1.7 B
Other: \$536 M
State: \$303 M

Financial Aid by Type 2011-12



Loans: \$1.3 B
Grants: \$1.3 B
Work Study: \$35 M

- **\$2.6 billion** provided to needy Washington students in 2011-12
- \$1.7 billion provided to resident undergraduate students

Note: "Need" eligibility is determined by subtracting the expected family financial contribution from the total cost of attendance for the student.

Aid provides opportunity

Cost of Attendance

- Tuition & Fees*
- Books & Supplies*
- Room & Board*
- Personal Expenses*



Grants

- \$722 million provided in federal and state grants to 126,000 resident undergraduates

Aid provides opportunity

Cost of Attendance

- Tuition & Fees*
- Books & Supplies*
- Room & Board*
- Personal Expenses*



campus aid
grants

- Campus aid includes tuition waivers, grants, and scholarships—need-based or merit-based
- \$245 million provided to 55,000 students

Aid provides opportunity

Cost of Attendance

- Tuition & Fees*
- Books & Supplies*
- Room & Board*
- Personal Expenses*

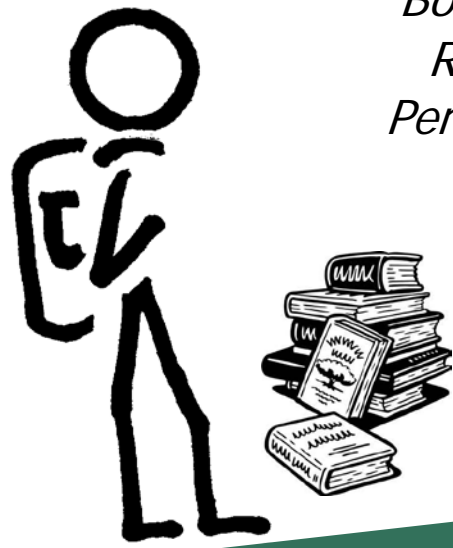


scholarships
campus aid
grants

- \$44 million in private scholarships supported 13,900 resident needy undergraduate students

Cost of Attendance

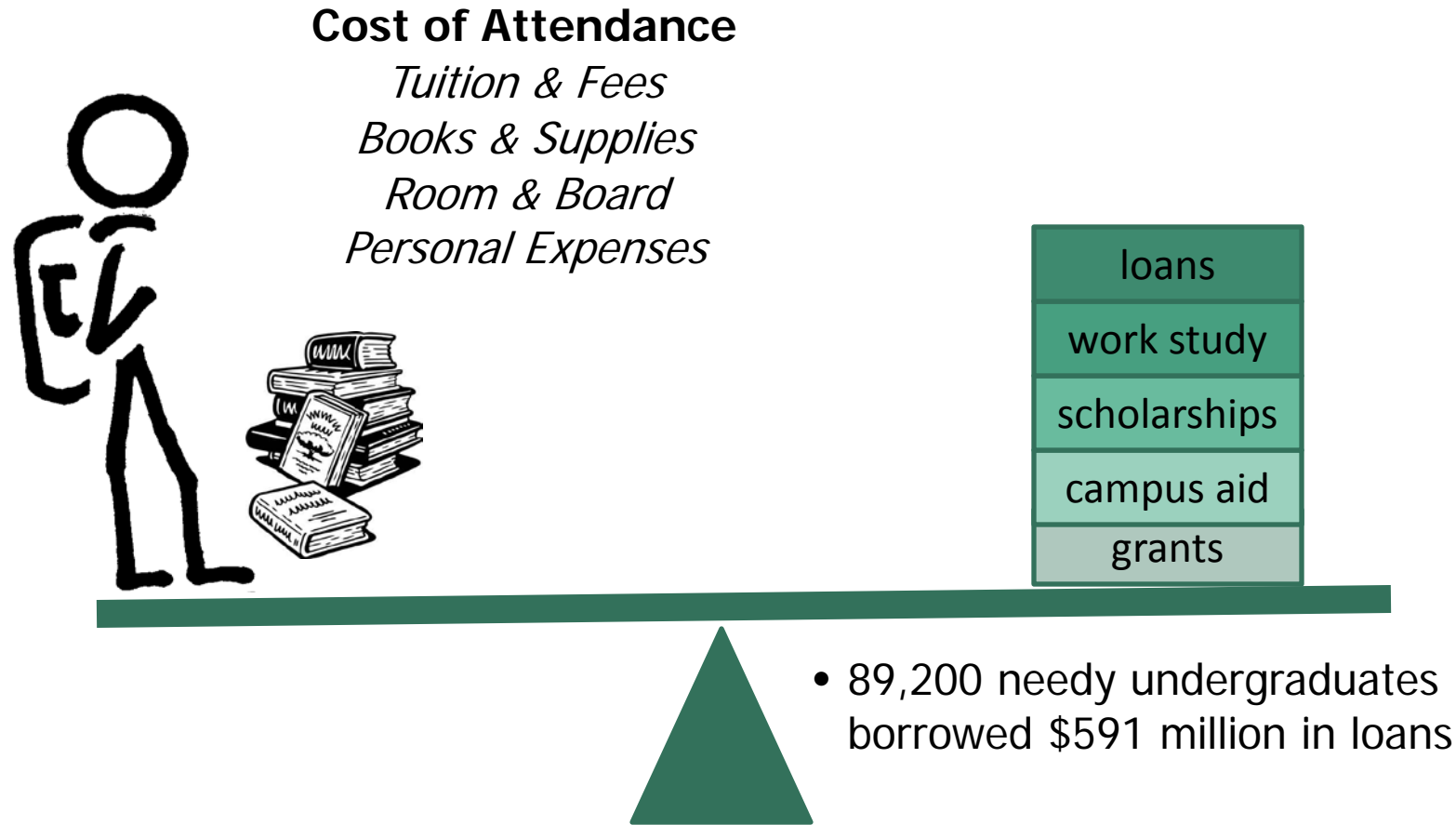
- Tuition & Fees*
- Books & Supplies*
- Room & Board*
- Personal Expenses*



- work study
- scholarships
- campus aid
- grants

- 10,700 students earned \$25 million in work study funding

Aid provides opportunity



Increases in aid applications

The number of students filling out the FAFSA increased significantly during the economic downturn.

- A **61% increase** in total number of applications received for 2011-12 over 2007-08.
- In Washington, more than **518,000 applications** filed for 2011-12.
 - As of December 2012, more than **485,000 FAFSAs**—a 3% increase from the same point in time for the previous year.

The screenshot shows the Federal Student Aid (FAFSA) website homepage. At the top, it features the 'Federal Student Aid' logo, which includes the text 'An OFFICE of the U.S. DEPARTMENT of EDUCATION' and 'PROUD SPONSOR of the AMERICAN MIND™'. To the right is the 'FAFSA™ Free Application for Federal Student Aid' logo. Below the header is a navigation bar with icons for Home, About Us, PIN Site, StudentAid.gov, and Help, along with a search box and language options for English and Español. The main heading reads 'Get help paying for college' with the subtext 'Submit a Free Application for Federal Student Aid (FAFSA)'. A banner image shows four diverse students. Below the banner, there are two columns: 'New to the FAFSA?' with a 'Start A New FAFSA' button, and 'Returning User?' with a list of options (Make a correction, Add a school, View your Student Aid Report (SAR), and more...) and a 'Login' button.

- **The Legislature** requested two studies regarding State Need Grant (SNG) student outcomes:
 - Washington State Institute for Public Policy (reports due in 2012 and 2013)
 - Washington Student Achievement Council (report due in 2014)
- **Continual evaluation and research** required by State Need Grant program statute.

- Studies show need-based grants increase the likelihood of attendance.
- Grants have been shown to be more effective in promoting participation than loans.
- Evidence that need-based grants improve retention and completion.
- Grant aid supports full-time attendance and campus engagement.

- Financial aid administrators, key stakeholders, and legislative staff convened monthly April to September in 2012.
 - Examined existing policies and offered proposals to provide more equitable opportunity to eligible students across sectors.
 - Reviewed 10 other states with similar programs.
 - Reviewed position papers and proposals submitted by each sector.
 - Evaluated program history and student trends.
 - Examined SNG awarding and eligibility.
 - Developed a set of preliminary considerations.

- Created in **1969**. Legislative intent to offset tuition for low-income students affirmed in **1976**.
- **Private campuses** were authorized.
 - Non-profit private participation at outset
 - For-profit institutions authorized in 1980
- **Variable grant** amounts reflecting cost of attendance in **1988**.
- **Part-time** students authorized in **1989**.
- Federal changes led to use of **median family income (MFI)** to determine eligibility in **1993**.
- Student awards based on **tuition rates** as of **1998**.

- Median family income changes as part of budget process.
 - As low as 40% in 1996; 55% in 2001; 65% in 2005; and 70% in 2007
- Less than half-time eligibility pilot began in 2005.
- MFI ranges expanded from three to five in 2009.
- Awards at private institutions limited to 3.5% growth rate rather than tied to public tuition in 2011.

SNG Percentage of Award by MFI Category

Percentage of MFI	0-50	51-55	56-60	61-65	66-70
Percentage of Maximum Award	100%	70%	65%	60%	50%

- **68 institutions** – 40 public and 28 private
 - 17 private four-year institutions (2 are for-profit)
 - 11 private two-year institutions (9 are for-profit)
- **For-profit** institution performance **data reviewed** annually for continued participation.
 - Completion and placement rates
 - Enrollments and loan default rates
 - Fiscal data and standing with U.S. Dept. of Education and accrediting body
- Rigorous review of **new campus applications** to participate in State Need Grant.

- State Need Grant is “**decentralized**” – campuses identify eligible students and determine individual student award amounts based on state-level policies.
- **Maximum awards** – determined by legislative budget process based on public tuition (from \$3,696 to \$10,868 for 2012-13) and MFI (prorated by income range).
- **Campuses prioritize** – often to lowest income.
- SNG has a “**self-help**” requirement – defined as 25% of the cost of attendance or a work calculation – met through loans, work, unmet need, or scholarships.

- Each campus receives the portion of the appropriation based on their share of total state need.
- Total eligible students (FTE) for the prior year and the current award amount used to determine total need for each campus.
- The proportion of statewide need is applied to the SNG appropriation for campus allocations.
- As a result of this process, the portion of students by sector is the same for served and unserved students.

Sector	FTEs (served or unserved)	Served Headcount	Unserved Headcount	Expenditures
Public 4-year	38%	27%	31%	51%
CTCs	54%	64%	63%	37%
Private 4-year	6%	5%	5%	10%
Private Career	2%	4%	1%	2%

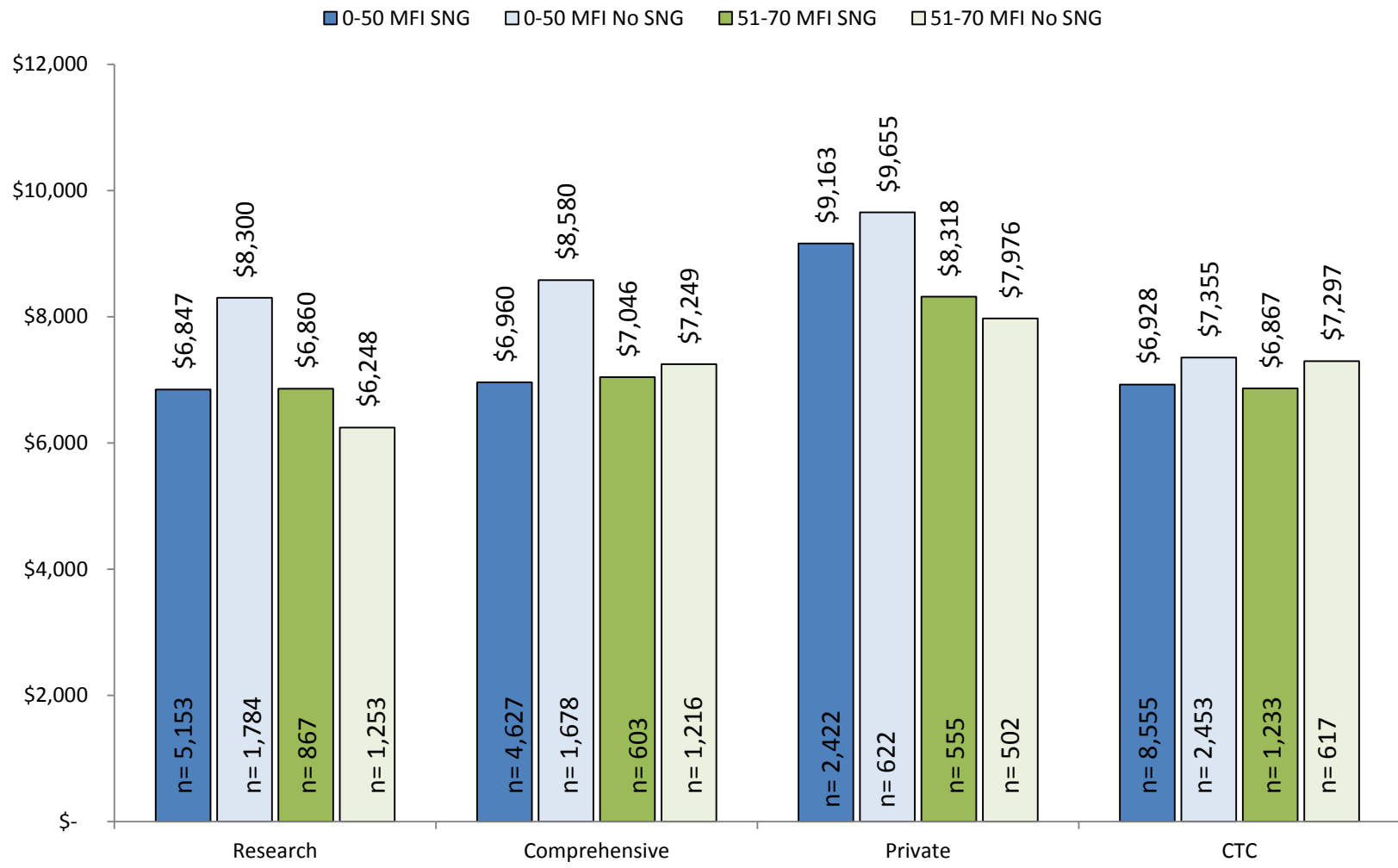
SNG combines with other aid

- SNG combines with federal, institutional, and private aid to support students in meeting educational expenses.
- 98% of recipients receive other types of aid.

	Pell	Other Grant Aid	Institutional Outside Aid	Student Loans	Work Study
All Percentage	95%	43%	53%	57%	14%
All Averages	\$5,110	\$1,267	\$4,096	\$7,093	\$2,703

- SNG combines with other aid and family contribution to cover Cost of Attendance (tuition/fees, books, living, and personal expenses).

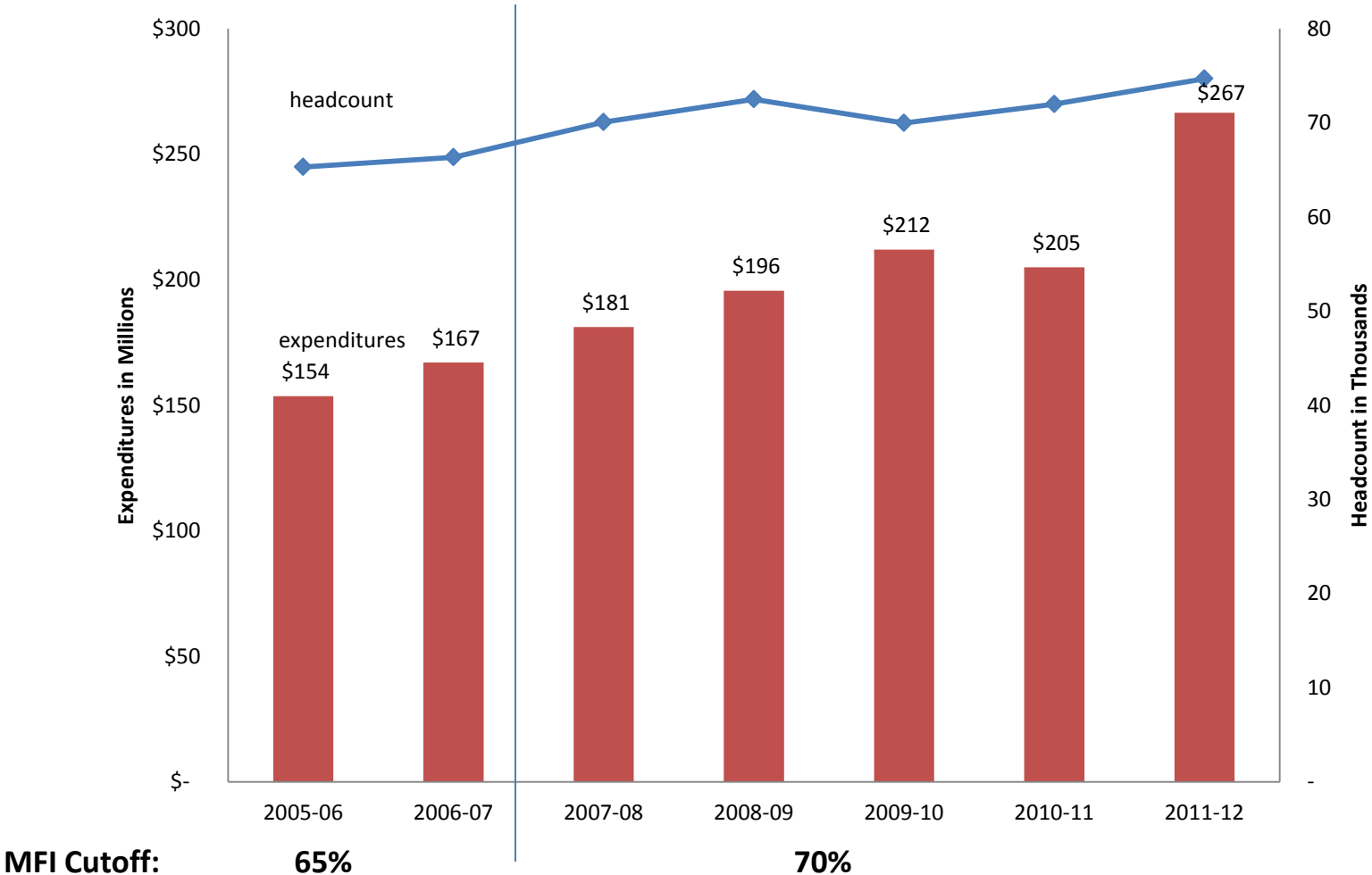
SNG mitigates borrowing for lowest income



Full-time, full-year students. Federal Loans include Federal Perkins, Stafford Subsidized, Unsubsidized and Parent PLUS Loans

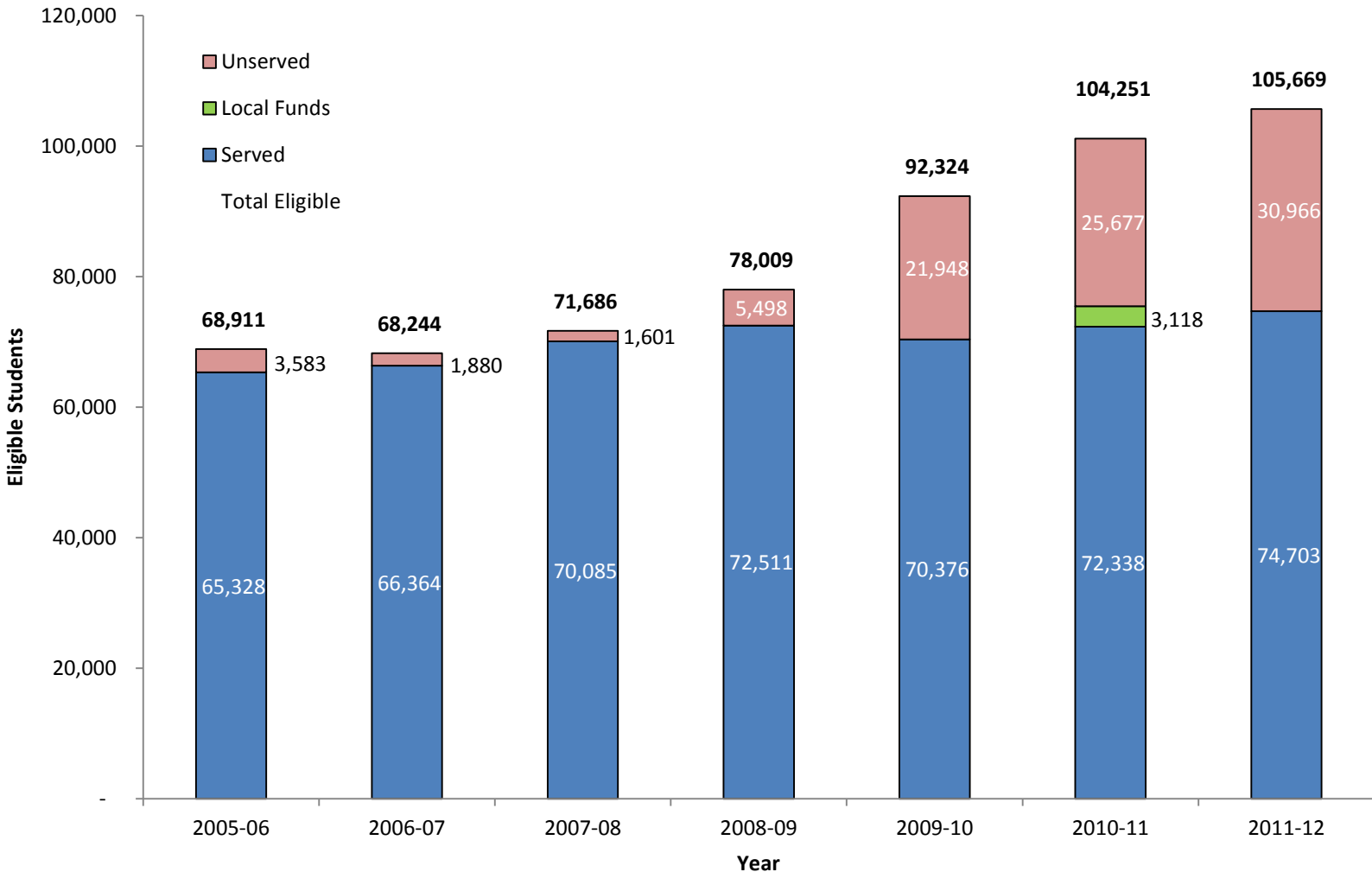
- The Legislature provided increases to award amounts for individual State Need Grant recipients to protect the lowest income students from tuition increases.
 - Since 2005-06, the SNG appropriation has doubled to \$303 million in 2012-13.
 - Public tuition increased by 52% since 2005-06.
 - SNG awards increase on a dollar-for-dollar basis tied to public tuition increases for students in the lowest income category.
- Yet recent demand has outstripped available funding.
 - In the last three years, the eligible population increased by 36%.
- As a result, the number of eligible students who do not receive the grant has increased.
 - About 30% of eligible students have not been served in the past three years.

Total SNG expenditures and students served



Thanks to increased appropriations by the Legislature, the percentage of tuition covered by SNG has remained constant for a relatively stable number of recipients, even as tuition has risen.

Served and unserved SNG eligible students



In spite of increased appropriations, the increasing enrollments of low-income students have outstripped available funding, leaving growing numbers of eligible students unserved by the State Need Grant.

Workgroup Policy Considerations

- Maintain connection to public tuition.
- Permit campuses to reduce grant amounts to serve all eligible students.
- Collapse the MFI categories to three.
- Require consideration of family assets.
- Avoid special program priorities.

Even if these considerations were implemented, there would be significant numbers of students underserved or unserved by SNG.



New **college and career planning website** — Ready, Set, Grad — is on track to launch in mid-March 2013.

- An interactive **timeline management tool** for students.
- **Financial aid counseling and financial literacy curriculum** intended to educate all students on state and federal financial aid programs, scholarships, work study, loans options and repayment, and basic money management.
- **A forum** of “real” stories and advice from students and parents.
- Both **instructional and inspirational videos** covering college aspiration and financial aid.
- The ability for students and families to sign up for **text message updates** regarding programs, deadlines, etc.