An Overview of Student Financial Aid in Washington
How much aid is disbursed and where does it come from?

Total Aid – 2007-08
$1.62 billion to 135,000 students

Financial Aid by Source
- Federal: 61%
- State: 14%
- Other: 25%

Federal: $987 m
State: $229 m
Other: $409 m

Financial Aid by Type
- Loans: 51%
- Grant: 47%
- Work: 3%

Loan: $823 m
Grant: $757 m
Work: $44 m
How much state aid is disbursed and how many students are served?

<table>
<thead>
<tr>
<th>State Student Aid*</th>
<th>2007-2008</th>
<th>2008-2009 (est.)</th>
<th>2009-2010 (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State Aid</td>
<td>$216 million</td>
<td>$236 million</td>
<td>$253 million</td>
</tr>
<tr>
<td>Students Served</td>
<td>79,000</td>
<td>80,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Participating Schools**</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

*Includes only aid programs administered by HECB.

**68 schools participate in State Need Grant.
What is the purpose of state financial aid?

- Student aid is a means for implementing higher education policies and priorities

- Foundation policies:
  - Promote broad student access and choice
  - Provide incentives to meet specialized workforce needs
  - Promote merit

- Washington has a well-supported, broad-based, and flexible system of state student aid
Washington has a well-supported system

- Washington now has a 18 year, 9 biennia, history of appropriating SNG to accommodate all applicants and keep pace with public sector tuition and fee increases for the lowest income students.
- Currently ranks 5th among states in terms of need-based grant aid per full-time equivalent enrollment:

  - New York $1,049
  - New Jersey $932
  - Pennsylvania $893
  - Illinois $804
  - **Washington** $756
  - Indiana $734
  - Minnesota $714

Source: 2006 Survey - National Association of State Student Grant and Aid Programs.
State aid programs are broad-based and flexible

- **Broad-based access**
  - State Need Grant
  - State Work-Study
  - College Bound Scholarship
- **Targeted workforce**
  - Conditional Scholarships for teachers and health care professionals
  - State Work Study High-Demand
- **Merit**
  - Washington Scholars and WAVE
- **Special purpose**
  - Opportunity Grant
  - Educational Opportunity Grant
  - Passport to College
What are the characteristics of undergraduate residents who receive need-based aid?*

- 26% have children of their own; two-thirds of these are single parents
- 32% self-identify as minority
- 42% are 24 or older
- 61% are female
- 89% have incomes at or below MFI ($72,000 for family of 4 in 2007-2008)
- Average total aid received = $9,900

*Students may receive need-based aid from federal, state, or institutional sources.
How do students access state and federal aid?

The FAFSA is used as the single application for all major federal and state need-based aid. No separate applications are necessary for State Need Grant or State Work Study.
State Need Grant:
The state’s major program for broad-based student access
## State Need Grant Overview

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Funding</strong>*</td>
<td>$182 million</td>
<td>$195 million</td>
<td>$212 million</td>
</tr>
<tr>
<td><strong>Number of Students</strong></td>
<td>70,085</td>
<td>71,000 (est.)</td>
<td></td>
</tr>
<tr>
<td><strong>Number of Participating Schools</strong></td>
<td>68</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td><strong>Number of Students not Served</strong></td>
<td>&lt;2,000</td>
<td>4,000 (est.)</td>
<td></td>
</tr>
<tr>
<td><strong>Income Cut-Off</strong></td>
<td>70% MFI ($50,500 family of 4)</td>
<td>70% MFI ($52,500 family of 4)</td>
<td>70% MFI ($54,500 family of 4)</td>
</tr>
</tbody>
</table>

* Includes a small federal match.
Who is eligible for SNG?

• Demonstrated Financial Need
  • Federal methodology
  • Median family income 70% or less
    ($54,500 for a family of 4 in 2009-10)
  • Resident
  • Undergraduate
  • Full-time and part-time students

• Enrolled in an Eligible Program
  • Program is eligible federal student aid participation
  • Leads to a degree or certificate

• Be Making Satisfactory Academic Progress
Who is not eligible for SNG?

- Non-needy
- Non-matriculated (one-year exception for less-than-halftime)
- Not in a program qualified for federal student aid (e.g., ABE)
- Program does not lead to a degree or certificate
- Is not maintaining satisfactory academic progress
SNG serves a diverse population.

- 72,000 estimated recipients in 2008-09
- Average Income
  - Dependent Students = $30,000 (parental income)
  - Independent Students = $15,000 (student income)
- 30% have children
- 46% are 24 years old or older
- 25% received SNG while enrolled part-time
  - Nearly 2,000 students were served while enrolled <half-time
- 62% female
- 33% students of color
To what extent does SNG meet students’ needs?

1. Unserved Students = 1.2% of all eligible in 2007-08; this number is likely to be about 5% for 2009-10

2. SNG as a percent of public tuition:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research/Private Four-Years</td>
<td>89%</td>
</tr>
<tr>
<td>Regional</td>
<td>92%</td>
</tr>
<tr>
<td>CTC*</td>
<td>97%</td>
</tr>
</tbody>
</table>

*CTC weighted average award for full-time SNG recipients.
What are the HECB’s plans for SNG?

The HECB has identified the following priorities for SNG, which have not yet been funded:

• Part-time awards should equal either the minimum award per enrollment category or the average award per category

• Fully fund eligible less-than-halftime students by making it a regular feature of the SNG program

• Expand service population to 85% MFI
Common Financial Aid Myths
Common Financial Aid Myths

1. Part-time students don’t qualify for financial aid.

**FACT:** Part-time students may be eligible for the following types of aid. The amount of aid received is generally prorated based on the student’s enrollment level. Students may also be required to be enrolled in an eligible program.

<table>
<thead>
<tr>
<th>Program</th>
<th>Minimum Credits Required for Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Need Grant</td>
<td>3 credits</td>
</tr>
<tr>
<td>State Work Study</td>
<td>6 credits</td>
</tr>
<tr>
<td>Federal Pell Grant</td>
<td>1 credit</td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grant</td>
<td>1 credit</td>
</tr>
<tr>
<td>Federal Stafford and Direct Loans</td>
<td>6 credits</td>
</tr>
<tr>
<td>Federal Perkins Loan</td>
<td>1 credit</td>
</tr>
<tr>
<td>Institutional Student Aid Fund (3 ½% funds)</td>
<td>3 credits</td>
</tr>
</tbody>
</table>
Common Financial Aid Myths

2. Grants are sufficient to cover all the financial needs of low-income students.

FACT: Resident undergraduates whose family income was 70% or less of the MFI received, on average, $6,100 in grants. Half of these students also received, on average, $6,000 in loans.
Common Financial Aid Myths

3. **All** undergraduates are over-burdened with student loans.

**FACTS:** Of resident undergraduates who received need-based aid, 42% did not receive loans.

The average total debt of 2007 college graduates in Washington was $18,000.

Students may not borrow every year they are enrolled and may not borrow the same amount each year.

However, some students are over-burdened. The 58% of resident undergraduates receiving need-based aid who did borrow received, on average, $7,000 in loans in a single year. And of these, 21% borrowed $10,000 or more in a single year.
Common Financial Aid Myths
4. Hispanic students are loan-averse.

FACT: 41% of Hispanic resident undergraduates who received need-based aid and whose family income was 70% or less of the MFI received, on average, $5,600 in loans during a single academic year.
Common Financial Aid Myths

5. Middle income families don’t get financial aid or they only qualify for loans.

FACT: Resident undergraduates who received need-based aid and whose family income exceeded the median received the following types and amounts of aid, on average.

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>% Resident UG who Received</th>
<th>Average Amount Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>56%</td>
<td>$6,200</td>
</tr>
<tr>
<td>Work-Study</td>
<td>8%</td>
<td>$2,400</td>
</tr>
<tr>
<td>Loans</td>
<td>89%</td>
<td>$9,000</td>
</tr>
</tbody>
</table>

However, average loan amounts for middle income students are $3,000 higher than the average for the lowest income students.
FACT: Financial aid is money targeted to individual students in the form of grants, scholarships, loans, or work from federal, state, or private sources for the purpose of paying for educational expenses.

Designed to provide equitable access to the benefits of higher education by removing financial barriers for needy students.
Common Financial Aid Myths

6A. State subsidies to institutions are a form of financial aid.

FACT: The state provides subsidies to public institutions, which are used to cover a wide range of operating expenses beyond just instructional costs.

These subsidies benefit all students in general but are not necessarily targeted to benefit any particular individual student though portions of the subsidy may be used for financial aid.
FACT: The federal government uses tax credits to reward individuals for past behavior in order to reduce the amount of taxes owed.
FACT: GET is a state run program that allows families to prepay for future college tuition expenses.

While the state guarantees that 100 GET units will keep pace with the cost of one year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university, the money paid out to students and schools comes from contributions made by program participants and revenues realized from their investment by the state.

None of the funds disbursed to students or schools come from state or federal subsidies.