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Majority of State Need Grant increases go to offset rising tuition

OLYMPIA— The annual financial aid report, “Keeping College Affordable,” notes that although funding for the State Need Grant (SNG) program more than doubled—from \$90 to \$212 million between 2001-02 and 2009-10—most of that increase (71 percent) was used to offset rising tuition rates, not to expand the number of students being served.

Appropriations to the SNG program represent a major source of financial support for the 68 institutions that participate. Each year the Higher Education Coordinating Board (HECB) prepares the report, which is used to provide background for legislative policy and budget decisions on financial aid in Washington.

The State Need Grant is by far the state’s largest financial aid program, serving 70,000 students annually and accounting for 95 percent of all state aid. Rachele Sharpe, acting director of student financial aid, said only \$36 million of the \$122 million increase in SNG appropriations over the decade was used to add new students to the program.

Growth in total students served occurred for two reasons: more students at the lowest income levels applied for and received grants during the decade, accounting for \$23 million (17 percent) of the increase; and the income eligibility limit for the grant was raised twice, accounting for \$13 million of the increase. Income eligibility is now 70 percent of Median Family Income, or \$54,500 a year for a family of four.

A surge in the number of students who qualify for the program and tuition increases of from 7 to 14 percent tuition in each of the last two years has caused a SNG supply/need gap. In the last two years about 22,000 who qualified for an award did not receive one. Just three years ago fewer than 2,000 annually who qualified did not receive a grant.

“These un-served students may have no choice but to borrow more money, work more hours, or increase the time it takes them to achieve their college goals,” said Sharpe.

Student demand for financial aid has been growing in Washington, in part because tuition increases at public colleges and universities have placed additional pressure on cash-strapped families looking for ways to cover the cost of postsecondary education.

The number of Washington students filling out the Free Application for Federal Student aid (FAFSA) grew 57 percent in the last three years. This year, about 500,000 Washington students are expected to complete FAFSA applications. The FAFSA is required to establish aid eligibility.

The Governor’s proposed 2011-13 budget would increase SNG funding \$91.8 million. This would allow the lowest-income students served by SNG to receive funding to keep up with

tuition increases. However, additional funding would be needed to close the 22,000-student supply/need gap.

To increase degree and certificate production in Washington, the central goal of the state's Strategic Master Plan, many more students will need to enroll in and complete postsecondary programs, and a large percentage of these students will need to come from those who qualify for or are at the margins of financial aid eligibility. Extending financial assistance to these students will be necessary to meet master plan goals, Sharpe said.

Other highlights from the report:

- In 2009-10, \$2.2 billion in aid was distributed to needy Washington students from federal, state and other sources. Of this about 50 percent was in loans, 48 percent in grants, and 2 in percent work study.
- In 2009-10, 39,000 more students received \$403 million more in all forms of financial aid than in the previous academic year.
- Aid for needy students increased 30 percent over the previous year.
- A greater percentage of needy students are attending community and technical colleges.
- Several state student aid programs—including State Work Study and several smaller programs—were reduced in size or suspended. The Governor's proposed budget for the next biennium proposes additional reductions and suspensions.

“Keeping College Affordable” can be found on the HECB website at www.hecb.wa.gov/financialaid/index.asp

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