

**Washington Student
Achievement Council**

**State Need Grant
Policy Review**

December 2012



State Need Grant Policy Review

Washington Student Achievement Council

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November 2012

State Need Grant Policy Review

This State Need Grant (SNG) policy review examines existing policies and offers the Legislature considerations for providing equitable financial aid opportunities to eligible students across educational sectors.

Policy options for the Legislature's consideration:

- **Continue to tie SNG award amounts to tuition and fees at public institutions.** This will allow low-income students to remain protected from the impact of tuition increases and allow for award growth.
- **Give participating SNG institutions the flexibility to reduce SNG award values during challenging economic times.** This will allow more eligible students to receive the grant.
- **Consider available family asset data when determining financial need to ensure aid is awarded to the neediest students, in addition to income.**
- **Collapse the current five income categories into three** (0-50 percent, 51-60 percent, 61-70 percent of median family income) for simplicity for students and institutions.
- **Avoid special program priorities within SNG that impact efficient and equitable administration.**

Executive Summary

A workgroup of financial aid administrators convened by staff of the Washington Student Achievement Council undertook this review of the State Need Grant program to identify policy options state policy makers may wish to consider in future decisions about the program. The SNG program is a key component of the state's efforts to address college affordability—one of five critical topics the Student Achievement Council will explore in 2013 as it develops a Roadmap for improving educational attainment in the state.

This workgroup report may also serve as a resource for a report and set of recommendations that the Council will submit to the Legislature in December 2014. The Legislature directed the Council to report on the effectiveness of the SNG program in meeting the higher education needs of low-income students and in achieving the state's higher education goals (E2SHB 2483).

In addition to giving the Council this assignment, the Legislature also funded two projects by the Washington State Institute for Public Policy (WSIPP). They include an evaluation of the academic outcomes of SNG students and a longitudinal study to determine the extent to which SNG has increased access and degree attainment, and whether the funding has been efficiently utilized. The first phase of this study will be completed by December 2012, and the second the following year. See Appendix A for a summary of the WSIPP study.

Council staff convened the workgroup (see Appendix B for members) of financial aid administrators and stakeholders to link and support these assignments and to conduct a comprehensive policy review. The review was intended to complement the WSIPP study and provide a preliminary report on policy options to the Council and legislators. When the WSIPP study results are available, the workgroup will reconvene to consider any further options.

The report begins with an overview of State Need Grant, how it is funded, recent policy changes, and enrollment trends. Following that background information, the report explores SNG awarding and eligibility issues addressed by the workgroup and offers policy considerations. Finally, the report provides information regarding 10 other state approaches to need-based aid, and position papers submitted by each educational sector represented in the workgroup.

State Need Grant Key Facts

- Program appropriation is \$303 million for FY 2013.
- About 75,000 students receive an award, while nearly 32,000 additional eligible students do not receive the award due to limited funding.
- Students must be resident undergraduates enrolled at participating institutions and have a family income less than 70 percent of the state's median (which is less than \$57,500 for a family of four).
- Award amounts vary based on public tuition rates, enrollment level, income level, and campus policies.
- The Student Achievement Council distributes funds to campuses based on their portion of the total eligible population combined with the student award amount for the campus.
- Campuses identify and award eligible students, monitor eligibility requirements, and report student eligibility and payment information to the Council.

Context for this Review

- In the wake of budget reductions, the state has remained committed to increasing SNG funding to keep pace with tuition increases and to protect the lowest-income students served by the program.
- Unprecedented enrollments of needy students have occurred during the Great Recession.
- For more than 40 years, SNG has offset tuition for low-income students.
- Recent enrollment and budget pressures have led to the highest levels of eligible but unserved students in program history.
- SNG coordinates with other forms of financial aid, and very few students receive SNG only. Most also receive a Pell Grant. Half borrow, and about 40 percent receive institutional aid and scholarships.
- Students with significant family assets have received SNG as a result of efforts to simplify the federal Free Application for Federal Student Aid (FAFSA).

Workgroup Guidelines

The workgroup's review examined existing policies and offers new proposals for providing equitable financial aid opportunities to eligible students across educational sectors.

The workgroup evaluated program policy goals and considered the following policy questions:

- Does Washington have the right policy goals?
- Should there be an attempt to serve more students within existing funds?
- Are there regulatory or administrative areas that campuses would like to address?

The workgroup developed the following principles for evaluating program policy options:

- Consider policies that provide equitable opportunity regardless of sector.
- Consider policy goals that withstand economic cycles.
- Suggest policies that reflect the state's role in student financial aid.

Workgroup Discussion Highlights

- The workgroup agreed that the overarching program goal should be to serve all eligible students well.
- While the SNG appropriation has grown significantly in recent years (350 percent since 2000), increasing enrollments of needy students have meant large numbers of unserved students on many campuses.
- The state-level policy goal is to serve students with 70 percent median family income (MFI) or less, and to keep pace with tuition and fee growth. However, in practice, campuses are prioritizing to lowest-income recipients (such as those below 50 percent MFI), and they are reducing awards via campus-specific policies that enable them to award more eligible students.
- To reduce student indebtedness, the workgroup concluded, consideration should continue to be given to the need for resources to cover non-tuition costs, such as books and housing.
- Each institutional sector provided a position paper for inclusion in this report (Appendix D).

Workgroup Policy Options

The workgroup’s policy options are noted in Figure 1, including whether they require legislative action. This report will explore each item in more detail. In addition, the State Need Grant statute and rules by topic are included Appendix F.

Figure 1: Workgroup Policy Options

No Action	RCW	WAC	Budget	WSAC
<p>Maintain SNG award connection to public tuition and fee increases.</p> <p>Avoid special program priorities within SNG that impact the efficient and equitable administration.</p>	<p>Remove foster youth priority in SNG in light of the requirement to enroll all foster youth in the College Bound Scholarship.</p>	<p>Require consideration of family assets in determination of financial need.</p>	<p>Allow campuses to reduce grants below maximum award amount when there are large numbers of unserved students.</p> <p>Collapse the current MFI five categories into three (0-50, 51-60, 61-70).</p>	<p>Adjust cost models to reflect true cost if students are fully awarded.</p> <p><i>Consider WA Administrative Code (WAC) Changes:</i></p> <p>Allow campuses to reduce grants below maximum award amount when there are large numbers of unserved students.</p> <p>Review Satisfactory Academic Progress in light of the change to federal requirements.</p> <p>Review Ability to Benefit rule in light of the federal prohibition.</p> <p>Review self-help requirements to ensure equitable treatment across student population.</p>

Next Steps

The workgroup will continue to examine policy and administrative improvements and work to develop a proposed Washington Administrative Code (WAC) policy amendment package to offer the Council in the upcoming year.

In addition, the workgroup will review the WSIPP results available in December 2012 for phase I, and 2013 for phase II.

As required by HB 2484, the Council will complete the legislative report due in December 2014. It will include the development of options for prioritization of State Need Grant based on institutional performance measures.

I. The State Need Grant Program in a Broad Context

Chapter I Highlights:

- In the wake of budget reductions, the state has remained committed to increasing SNG funding to keep pace with public tuition increases and protect the lowest-income students served by the program.
- Unprecedented numbers of financial aid applications and enrollments of needy students have occurred during the Great Recession.
- Federal budget pressures have led to elimination of program funding and policy alterations that affect SNG students.
- The state has also made recent policy changes with tuition setting authority, requirements to provide additional institutional financial aid, and reductions to SNG awards for students attending private institutions, both for- and non-profit.

Over the last several years (FY 2000-2013) state appropriations to our public universities and colleges have been reduced by 28 percent.

At the same time, tuition revenue, as a source of public higher education funding, has increased (in constant 2000 dollars) by **151 percent** since FY 2000 for all public institutions combined. The increase in the research sector has been *199 percent*, *139 percent* in the comprehensive sector, and *92 percent* at the community and technical colleges.

Concurrent with these reductions, the 2011 Legislature gave public universities and colleges authority in HB 1795 to set tuition rates for all students, including resident undergraduates, for an eight-year period, beginning in the 2011-12 academic year. Subsequent decisions by the institutions to implement double-digit tuition increases as authorized by the Legislature in the operating budget necessitated larger legislative appropriations for the State Need Grant program in order to maintain access to higher education. State Need Grant (SNG) is the state's largest need-based financial aid program.

For the past four years, the Legislature has been able to increase State Need Grant to partially offset the impact of major tuition increases for the lowest income students served by the program. In fact, Washington historically has ranked among the top states in its commitment to need-based aid. One national study highlighted the state's support to financial aid during recessionary periods.ⁱ For the past several years, Washington ranks third nationally in need-based grant dollars per undergraduate enrollments.ⁱⁱ

ⁱ (October 2006). *Recession, Retrenchment, and Recovery: State Higher Education Funding and Student Financial Aid*. Center for the Study of Education Policy, Illinois State University; National Association of State Student Grant Aid Programs; State Higher Education Executive Officers.

ⁱⁱ (2011). *42nd Annual NASSGAP Survey (2010-2012) of state-funded student financial aid*. National Association of State Student Grant Aid Programs.

Enrollments of Needy Students Growing

At a time when both the state and individual families have been struggling to pay for higher education, the profile of enrolling students has been changing, along with some financial aid policies. This is important context for a review of the State Need Grant program.

The number of students filling out the Free Application for Federal Student Aid (FAFSA) has increased significantly during the economic downturn. This application is used by institutions to determine SNG eligibility. Total FAFSA applications for 2011-12 reflected a 61 percent increase over 2007-08, for a total of 519,000.

Among financial aid applicants, low-income students tend to complete the FAFSA later. Of the total applications submitted from January to March 2011, 54 percent were in the 0 to 50 MFI range. During each of the subsequent three-month periods in that application cycle, between 63 and 66 percent were in that MFI range.

Recent Federal Financial Aid Policy Changes

Several federal financial aid programs have been eliminated, or changes made that affect student eligibility. Two merit-based grant programs for Pell eligible students--Academic Competitiveness Grant (ACG) and Science Mathematics Access to Retain Talent (SMART)--were eliminated for the 2011-12 academic year. Federal dollars states received through the Leveraging Educational Assistance Program (LEAP) were eliminated. Thus, the \$1.7 million in LEAP funds Washington received annually for the State Need Grant and State Work Study programs are no longer available.

Several policy changes to federal student-aid programs for undergraduate students also have occurred. The opportunity for students to receive Pell grants year-round—which had just been authorized in 2010—was removed. Pell students are now also limited to 12 semesters rather than 18. It is also noteworthy that the maximum Pell award has remained \$5,550 for the last three years.

For students with higher Expected Family contributions (EFC), eligibility for a minimum Pell Grant award also was reduced) through alterations to the formula used to compute the EFC.

In addition, students can no longer receive Title IV funding by meeting an alternative “Ability to Benefit” standard in lieu of a high school diploma or General Education Diploma. As such, students are no longer able to meet the standard through minimum placement test scores or successful college level coursework.

The interest-rate subsidy received during the six-month grace period was also eliminated for federal Stafford loans. In addition, campuses have been required to post a “Net Price Calculator” on their websites so prospective students can see their remaining cost after the average financial aid offer is accounted for.

Recent Campus Aid Policy Changes

Several changes to state and institutional financial aid policies have occurred in the last several years. HB 1795 included provisions to require additional institutional financial aid. Institutions that raise tuition above budgeted levels must convert a larger share of tuition revenue to financial aid for needy students. Public four-year institutional financial aid fund requirements have risen from 3.5 to 4 percent of tuition revenue, and an additional 1 percent is required for institutions that elect to raise tuition above the rates assumed in the operating budget.

In addition, institutions raising tuition above budgeted levels are required to provide targeted aid to low- and middle-income families, depending on the magnitude of tuition increases. Figure 2 describes what portion of the remaining gap is required to be filled with institutional aid. The remaining gap is calculated as tuition less any maximum SNG, regardless of whether a student received the SNG.

By December 2012, the public four-year institutions will report to the Legislature on the effectiveness of financial aid in mitigating tuition impact.

Figure 2: Institution Return to Aid Requirement

MFI Range	If Tuition is 5% of MFI (\$4,050)	If Tuition is 10% of MFI (\$8,100)	If Tuition is 15% of MFI (\$12,150)	If Tuition is 20% of MFI (\$16,200)
0-50 MFI	100%	100%	100%	100%
51-70 MFI		75%	75%	75%
71-100 MFI			50%	50%
101-125 MFI				25%

Note: Percent of remaining gap to fund if tuition and fees exceed levels assumed in the budget. MFI is published annually by the federal Low-Income Home Energy Assistance Program.

Recent SNG Funding and Policy Changes

As a budget-savings measure, the 2009 Legislature expanded the MFI award categories from three to five, as shown in Figure 3. This had the result of reducing awards for students in the 51-65 percent MFI ranges by 5 or 10 percent.

Figure 3: SNG Percent 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%

In 2010-11, the program received its first mid-year cut of over \$25 million. However, the public institutions were required to offset the reduction by using local funds to mitigate the impact on students. Essentially, this had the effect of creating an additional cut to public institutions while allowing the same number of students to be served in State Need Grant regardless of sector.

In 2011-12, tuition authority legislation (HB 1795) required the Higher Education Coordinating Board (now succeeded by the Washington Student Achievement Council) to develop additional SNG award prioritization criteria aside from “first-come, first-served.” Most financial aid administrators from four-year institutions have implemented campus-specific priorities such as awarding to the lowest-income students, to continuing SNG recipients, and to students approaching graduation. Two-year colleges primarily award within state priorities and tend to serve eligible students as they enroll, until funds have been exhausted.

The 2011-13 biennial budget instituted an additional cost reduction policy by limiting the growth rate for awards at private institutions (both for- and non-profit) to 3.5 percent, rather than tying the growth rate to public sector tuition increases. In addition, the awards for new students attending for-profit institutions were reduced to half of the previous award at the community college level.

Despite the recession and overall reductions to higher education funding, the 2012 Legislature has maintained its commitment to fund SNG to keep pace with tuition increases on a dollar-for-dollar basis for served students at the public colleges in the lowest income category. The appropriation for FY 2013 is \$303 million.

The 2012 Legislature also asked the Council to develop a financial aid counseling website to ensure every student offered State Need Grant has quality information regarding loan options, financial literacy, scholarships, work study, and more. The website is required to be available by July 2013.

II. State Need Grant Program Overview

Chapter II Highlights:

- For more than 40 years SNG has offset tuition for low-income students.
- Recent enrollment and budget pressures have led to the highest levels of eligible but unserved students in program history.
- Institutions identify and award eligible students, and the Student Achievement Council distributes funds based on eligible SNG student enrollments and award amounts.
- The Council provides oversight to for-profit institutions, evaluates new campus applications, and monitors compliance for all institutions.
- The majority of SNG students attend full-time and most are financially independent (older than 24).

State Need Grant has provided Washington residents with the opportunity to access postsecondary education for over 40 years. During that time, the program has been evaluated several times, and the criteria for determining funding or student eligibility have been altered.

In most years, the direct tie to tuition and fee growth that was implemented in 1998 has led to predictable funding with the intention of serving the majority of eligible students. In fact, the funding has grown 350 percent since 2000-2001. However, the unprecedented enrollment of needy students in recent years has left tens of thousands of students unserved.

Historical SNG Studies and Policy Changes

Since the program was established in 1969, the State Need Grant program has supported low-income students and offset tuition increases. Sixteen years into the program (1988), the award amount was changed from a flat grant to a variable award that was tied to the cost of attendance. The use of median family income as a standard was adopted in 1993. In 1998, the policy to tie grant amounts to public tuition was implemented.

The following outline summarizes major policy changes (noted in bold) that have taken place in the 42 years of program history. There have been several studies (noted in italics), including agency reviews, as well as examinations of the program by national experts.

State Need Grant Major Policy Changes and Studies

- 1969 Created to help financially needy residents attend college.**
- 1976 Legislative intent noted to offset tuition/fees for low-income students.**
- For every dollar increase in tuition, 24 cents in aid provided, above previous levels.
 - Reflected the portion of undergraduates on aid at that time.
 - Policy inferred that the state needs to “give back” to needy students when increasing tuition.
 - Students were nominated, then ranked together according to need.
 - Grants were one-third of the difference between budget costs and family contribution.
- 1980 For-profit institution participation was authorized.**
- 1988 HECB Staff Review as part of Master Plan included the following SFA policy recommendations:**
- Peer analysis should compare strength of Washington state effort with those of similar states.
 - Should amend the 24 percent formula to 35 percent and allow adjustments based on needy student enrollment fluctuations.
 - Should use family income and “financial need” in determining eligibility.
 - Should determine a measure of the family’s ability to pay and rank order.
- 1988 Grant amounts changed from flat grant to variable in order to reflect Cost of Attendance (COA) differences supporting student choice.**
- Established an SNG Index/Ranking Factor.
 - Awards were based on 15 percent of COA.
 - Used a different COA for single versus married students.
 - Targeted aid to the lowest-income students and funding criteria were “institution blind.”
 - COA methodology was considered complex and administratively burdensome.
- 1989 Part-time students authorized.**
- 1991 A “Fair Share” fund distribution model was adopted creating campus “reserve funds” based on percentage of campus-eligible students divided by all eligible students.**
- 1993 Revised the eligibility and cost model to use Median Family Income (MFI) as a result of change in federal needs analysis – 50percent MFI used initially.**
- 1995 MFI increased to 65 percent via budget process.**
- 1996 MFI reduced to 40 percent via budget process.**
- 1996 Student Financial Aid Policy Advisory committee.**
- Reviewed all aid programs and policies.
 - Established principles and goals for state aid.
 - Recommended full public tuition be covered by SNG.
 - Expected to allow for predictability.
 - Equitable proportion of COA capped at public rates.
 - Larger awards expected to have positive effect on performance.
 - Students “held harmless” as tuition rises.
- 1996 Student Financial Aid and the Persistence of Recipients at Washington Colleges and Universities (Lee and St. John).**
- Developed variety of models with the goal of fair treatment of students and simple administration in response to concern the 1993 change to MFI may not be treating students equally.

1998 HECB Washington State Need Grant Program Policy Study Report and Recommendations:

- Family income should remain eligibility standard.
- Grant amounts should be based on public tuition rates.
- A “self-help” requirement should be implemented.
- Flexibility for dependent care allowance awarding should be allowed.
- Flexibility to award returning served students with minimal income change should be allowed.
- Should continue to coordinate with federal policies and programs.

1998 Award amounts based on public tuition rates.

2001 MFI increased to 55 percent via budget process.

2005 MFI increased to 65 percent via budget process.

2005 Less-than-half-time eligibility pilot with 10 campuses.

2006 Less-than-half-time eligibility pilot expanded to all.

2007 MFI increased to 70 percent.

2008 Part-time award amount study recommended increased awards.

2009 MFI ranges expanded from three to five categories for pro-rated awards via budget process.

2011 Awards at private institutions limited to 3.5 percent growth rate rather than tie to public tuition increases via budget process.

2011 Awards for new students attending for-profit institutions reduced by half.

2011 Less-than-half-time eligibility pilot extended two years through the budget with the addition of a required outcomes study.

Private Institutional Participation and Oversight

Sixty-eight institutions currently participate in the SNG program (see Appendix C). Private non-profit, four-year institutions have been participating in the SNG program since it began serving students in 1970. The for-profit institutions began participating 10 years later.

Twenty-seven private institutions (both for- and non-profit) currently participate in the program. In 2010-11, private institutions comprised 15 percent of the SNG expenditures. Institutional allocations are based on the percentage of total eligible SNG students reported by each campus, combined with their student award amount.

The private four-year sector is comprised of 17 institutions that offer baccalaureate degrees, two of which are for-profit (DigiPen and Northwest College of Art). The private two-year sector currently has 11 participating institutions, two of which are non-profit (Perry Technical and Northwest Indian College). Placement into the four-year student award amount category is determined by whether the majority of the institution’s graduates earn bachelor’s degrees.

In 2008, the Higher Education Coordinating Board worked with participating for-profit institutions to revise the participation rules for that sector. As a result, annual reviews of student outcomes and fiscal viability are now performed for each for-profit campus wishing to continue participation in the program.

Information reviewed includes the institution's standing with the U.S. Department of Education and its accreditation body, completion and employment rates, federal audits, annual financial statements, loan default rates, and other accountability measures.

The Student Achievement Council also reviews administrative practices of public and private non-profit institutions. When performance concerns are identified, intervention may include expanding training requirements, placing a campus on probation, and requesting a letter of credit.

When the Council receives an application to participate in the program, it conducts a rigorous eligibility investigation. The Council's staff review includes participation in federal Title IV aid programs, accreditation status, administrative system and staffing resources, and fiscal records.

In 2012, Trinity Lutheran College was offered provisional participation and in 2006, DigiPen Institute of Technology was accepted into the program. For-profit institution applicants have been denied due to: 1) Failure to meet the state's minimum eligibility criteria established in statute for for-profit participation; or 2) Failure to meet one or more of the minimum standards of their accrediting body, primarily in the area of documented graduate field-related employment.

SNG Funding

Even as tuition has risen, increased appropriations by the Legislature have meant the percent of tuition covered by SNG has remained constant for a relatively consistent number of recipients. To protect the lowest-income students from tuition increases, the Legislature has provided increases to award amounts for individual SNG recipients. For students in the lowest-income category, awards increase on a dollar-for-dollar basis in relation to public tuition increases. Since 2005-06, the SNG appropriation has doubled (\$303 million in 2012-13), and public tuition has increased by 52 percent in the same period (see Figure 4).

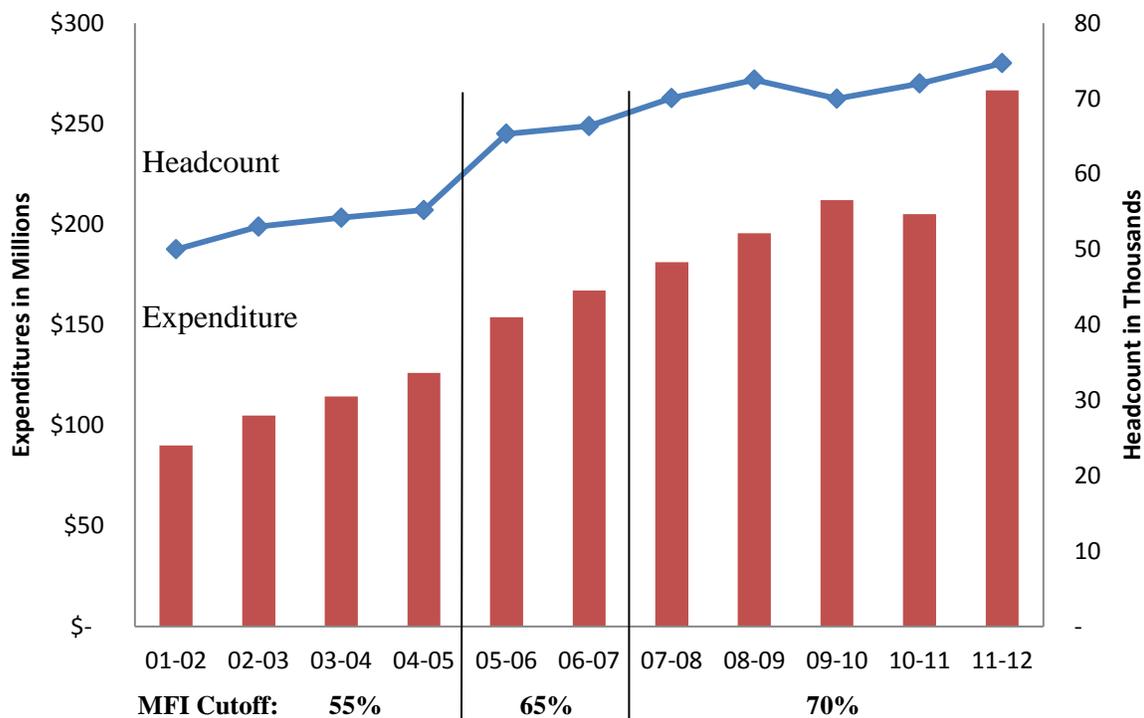
Increases in the number of students served typically are associated with increases in the income eligibility threshold. In other words, when MFI stays constant and student enrollments do not significantly fluctuate, funding increases are a result of keeping pace with tuition increases to serve the same number of students. In a given year where MFI is raised, a portion of the funding increase also is dedicated to serving more students. Figure 4 also shows the students served over time.

To aid in budgeting decisions, the SNG funding cost model is provided to the Office of Financial Management and legislative fiscal staff at the beginning of each legislative session. The model contains the most recent available data describing the served and unserved eligible students by institution.

The model uses Full Time Equivalent (FTE) to account for part-time and part-year students and includes the average SNG awards received. Key variables used by the Legislature to make policy choices include:

- Public tuition and fee growth rates
- Portion of eligible students who are served and unserved
- Percentage of award by MFI category and by sector or institution

Figure 4: SNG Served Headcount and Funding History



Unprecedented Enrollment of Eligible Students

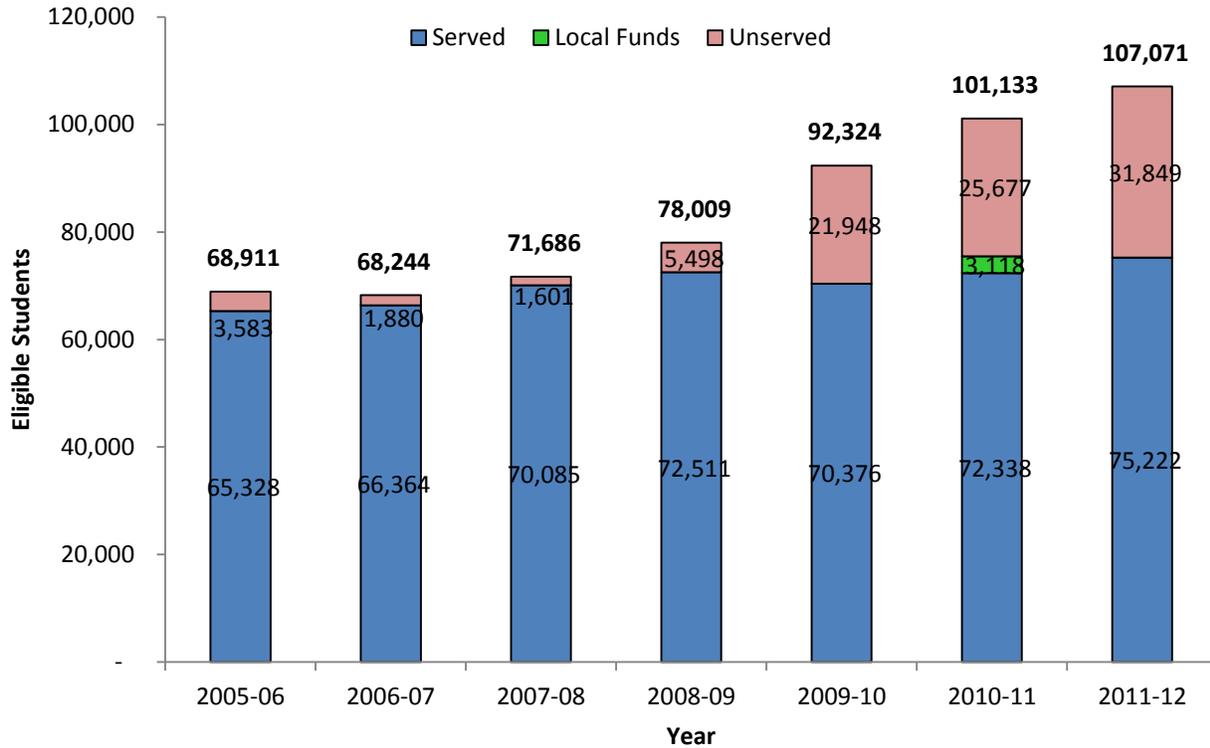
In spite of increased appropriations, the increasing enrollments of low-income students has outstripped available funding, leaving growing numbers of eligible students unserved by the State Need Grant. As shown in Figure 5, the number of eligible students increased 36 percent in a three-year period. As a result, the number of eligible students who do not receive the grant has increased. About 30 percent of eligible students have not been served by the program in the past three years.

Differences between Unserved and Served Students

Unserved students tend to complete their FAFSAs later than served students. Generally, two-year students filed by May if they were served, and by August if they were unserved. Four-year students filed by February if they were served, and by March if they were unserved. Campuses typically pool applicants who have filed by a certain date and award funds based on institutional policies. They usually do not “rank order” the applicants by date of application within the pool, but will apply other priorities such as lowest income.

The unserved students enroll later in the year and attend fewer terms. Served students are receiving two times the amount of grant aid received by unserved students, while on average, unserved students borrow \$2,500 more per year than served students.

Figure 5: SNG Eligible Students



Expenditures and Students by Sector

The SNG program is considered “decentralized,” which means that institutions work on the state’s behalf to identify, select, and award eligible students using state criteria. As such, SNG funds are distributed to institutions based on a fund distribution model.

The distribution model is referred to as the “fair share model” as it allocates funds to each campus based on its proportion of the total need. This model evaluates the portion of the total eligible population (both served and unserved) each institution enrolls, combined with the maximum award amount for the institution. That is used to determine the proportionate share of the total appropriation for that institution.

The distribution formula divides the funding required to serve all eligible students attending each campus by the total funding required to serve the entire eligible population, and then applies the resulting ratio to the current appropriation level. Funds are re-distributed mid-year to adjust for eligible student shifts between participating institutions.

The tie to public tuition growth has led to an increased share of funding going to the four-year institutions, as shown in Figure 6. Yet recent enrollment growth in the public two-year institutions has resulted in a greater proportion of the recipients being served in that sector, as shown in Figure 7.

Figure 6: SNG Expenditures by Sector over Time

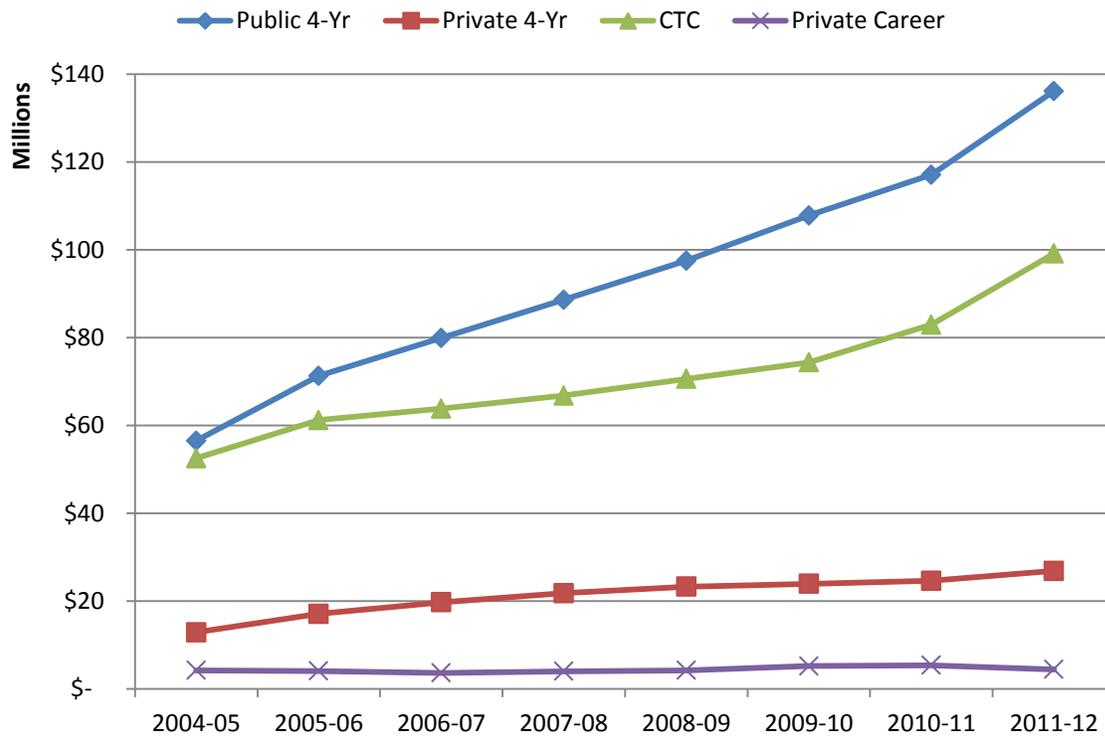
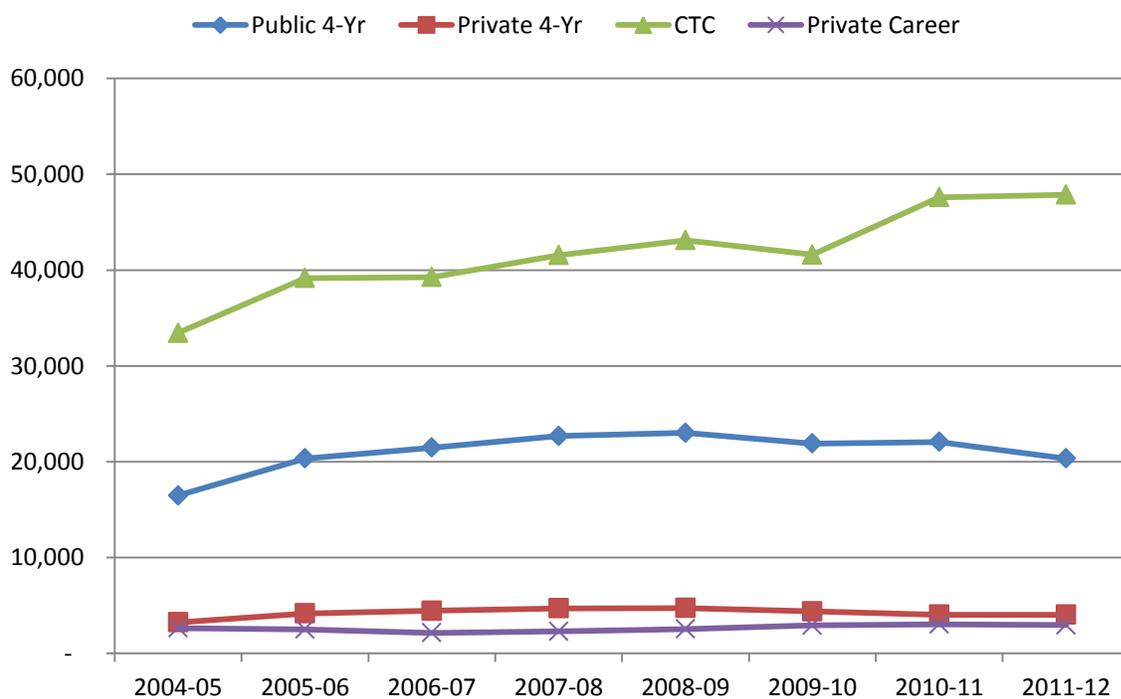


Figure 7: SNG Students Served by Sector over Time



State Need Grant Student Profile

In 2011-12, State Need Grant served nearly 75,000 students attending 67 institutions. Campuses served nearly 3,000 more students than in the previous year, due in part to institutional packaging policies that limit the level of total grant aid received as a portion of the student's budget. However, in the same year, more than 32,000 students were eligible but unserved, due to a shortage of program funds. That was an increase of about 2,000 from the previous year.

In 2010-11, the profile of SNG recipients included the following characteristics:

- 63 percent were independent
 - Of these, 52 percent had children
- 15 percent were married.
- 33 percent had children
- 84 percent were in the 0-50 MFI range
- 72 percent enrolled full-time for the duration of their enrollment

Workgroup SNG Overview Discussion:

- The overarching program goal should be to serve all eligible students well.
- The tie to public tuition and fees has led to predictable funding to support students.
- The use of median family income permits the program to be less sensitive to changes in federal methodology and allows a more simplified description of family income to share with policy makers.
- While the allocation has grown significantly, many institutions have large numbers of unserved students.

Workgroup SNG Overview Policy Considerations:

- Avoid implementing a permanent change in response to the budget crisis that could be viewed as a “short-term fix.”
- Avoid special program priorities within SNG that impact efficient and equitable administration.
 - Special priorities create the potential for funds to be redirected away from the main program, create centralized administration needs within a decentralized program, and can create confusion for students. Examples include Opportunity Internship, Enhanced Transfer Grant (formerly Education Opportunity Grant), foster youth priority, and connections to SNG in the College Bound Scholarship.

III. State Need Grant Awarding

Chapter III Highlights:

- Maximum award amounts are determined as a result of the legislative budget process and are currently based on public sector tuition rates and median family income ranges.
- Institution policies will determine which students are served. A campus can reduce the award amount offered if it elects to limit total grant aid as a portion of the student budget.
- SNG combines with other forms of financial aid, and very few students receive SNG alone. Most receive Pell Grant, half of SNG recipients borrow, and 40 percent receive institutional aid and scholarships.

The maximum amount of State Need Grant a student is eligible for varies based upon the institution or sector and MFI level, as shown in Appendix E, Figure 14. Maximum awards vary by sector, as they are tied to public tuition increases or an assumed growth rate for private institutions, both for- and non-profit. The percentage of the maximum award the student is eligible for also depends on the MFI cutoff, which is determined as part of the budget process.

Part-time students receive a reduced award. Students who attend three-quarter time (9-11 quarter credit hours or equivalent) receive 75 percent of their grant amount, half-time students (6-8 quarter credit hours or equivalent) receive 50 percent of their grant amount, and less-than-half-time students (3-5 quarter credit hours or equivalent) receive 25 percent of their grant amount. The less-than-half-time award amount category was authorized as a pilot in 2006, and the Council will provide the Legislature with student-outcome data for these students by December 2013.

Campus Award Prioritization and Other Policies

The institution's aid administrator determines the SNG awarding policy for their institution to evaluate which students will be selected and what portion of the maximum award they will receive. Some prioritize service to the lowest-income students. Many institutions will limit the portion of the total budget that can be received via grant assistance, in order to serve more students with limited funding. Presently, campuses have not been permitted to "under-award" or set an arbitrary reduced maximum grant amount to serve additional students.

Coordination with Other Financial Aid

State Need Grant combines with federal, institutional and private aid to assist students in meeting their educational expenses. Only 2 percent of SNG recipients receive only SNG. The portion of SNG recipients receiving Pell Grant has increased from 87 percent in 2005-06 to 93 percent in 2010-11. As noted in Figure 8, nearly all SNG recipients receive other grant assistance and about half borrow student loans.

Figure 8: Percent and Average Type of Aid Received by SNG Recipients 2010-11

	PELL	Other Grant Aid	Institutional Outside Aid	Student Loans	Work Study
Research:					
%	94%	69%	87%	66%	17%
Avg.	\$4,912	\$1,203	\$4,171	\$6,654	\$2064
Regional:					
%	94%	42%	60%	77%	15%
Avg.	\$4,968	\$1,016	\$2,716	\$6,822	\$2,687
Private:					
%	93%	63%	95%	84%	31%
Avg.	\$4,663	\$1,576	\$11,159	\$8,999	\$2,648
CTC:					
%	96%	29%	30%	40%	11%
Avg.	\$5,283	\$1,342	\$1,625	\$6,746	\$3,204
Private Career:					
%	93%	40%	19%	90%	2%
Avg.	\$5,654	\$1,615	\$5,908	\$9,512	\$2,178
All Percentage	95%	43%	53%	57%	14%
All Averages	\$5,110	\$1,267	\$4,096	\$7,093	\$2,703

Note: Percentages reflect portion of SNG recipients per sector receiving that aid type and the amounts reflect the average for the group of students receiving that aid type.

When reviewing the type and amount of other aid received, there are differences between served and unserved students in general and across sectors. Unserved students have higher unmet financial need and higher rates of borrowing than served students, as shown in Figure 9.

Figure 9: Percent of Need Covered by Aid 2010-11

Aid Type	Unserviced % of Need Covered by Aid	Served % of Need Covered by Aid
Student Loans	26.4%	20.2%
SNG (including Local Funds)	0.0%	20.3%
Pell	21.2%	24.4%
Other Federal and State Grants	2.6%	2.0%
Institutional Grants/Scholarships	13.9%	10.8%
Work Study	0.8%	2.0%
Unmet Need	35.1%	19.6%

Note: Data reported for full-time, full-year students (6,751 unserved and 42,693 served) for accurate reporting.

The percentage of need covered by types of aid varies by sector (see Appendix E, Figures 12 and 13). Students in the community and technical colleges and research sector tend to have the highest unmet financial need. However, unserved students have high portions of unmet need in all sectors.

Self-Help Requirement

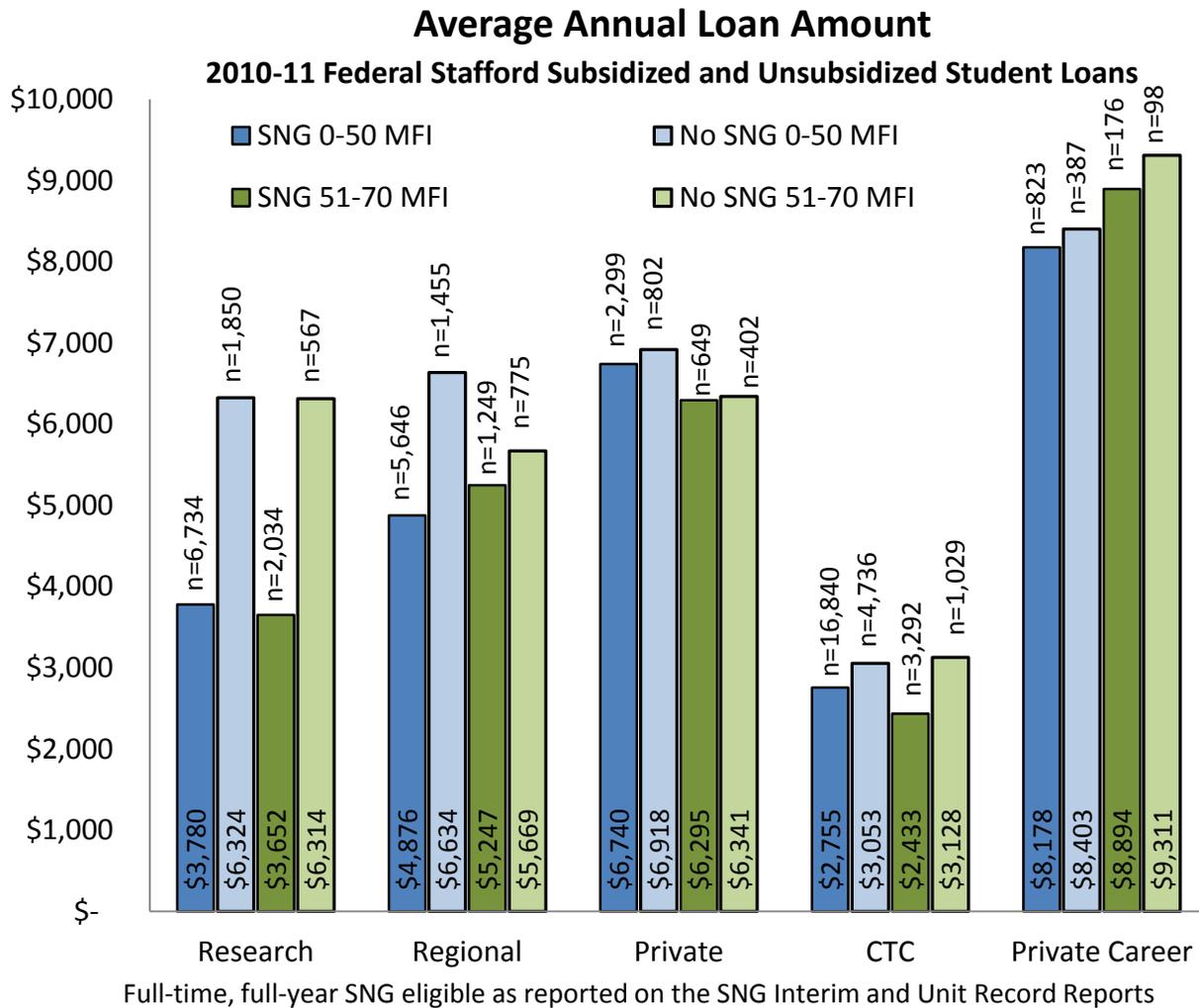
The SNG statute requires recipients to contribute a portion of the total cost of attendance (COA) through “self-help.” The Washington Administrative Code defines this as either 25 percent of the total COA or a minimum amount that could reasonably be expected to be earned while in school. The Council provides the calculation to aid administrators annually, based on the minimum wage multiplied by 12 hours per week in a 33-week academic year.

Self-help sources of aid include loans, work-study, scholarships and expected family contribution and unmet need. The Council staff worked with the financial aid workgroup to determine whether certain sources of aid should be included in the training manual as “self-help.”

SNG Mitigates Borrowing

For SNG-eligible students who borrow, the average annual loan debt is lower if they are served with SNG, regardless of sector or MFI range, as shown in Figure 10.

Figure 10: Average Annual Loan Amount for SNG Borrowers



Dependent Care Allowance (DCA)

State Need Grant allows institutions to add a small amount for a Dependent Care Allowance (DCA) to the maximum award amount to help students cover child care expenses. Thirteen institutions expended \$500,000 in DCA in the 2011-12 academic year, versus \$1.5 million in the previous year.

The use of DCA does not increase an institution’s SNG allocation, but this means slightly fewer students are served on that campus. Since it appears the use of DCA is continuing to decline and has been a lower priority during the recession, campuses noted they appreciate the option to offer it if they choose to within their allocation.

Workgroup Awarding Discussion:

- The state level policy goal is to serve 70 percent MFI and keep pace with tuition and fee growth. However, in practice, campuses are prioritizing to lowest income recipients and reducing awards via campus-specific policies and priorities to be able to award more eligible students.
- Institutions have to balance tuition and the portion of revenue offered in aid decisions while serving high need student populations.
- Reducing awards for the lowest income ranges to continue to serve higher MFI ranges may have undesired consequences for the neediest students, such as increased borrowing.
- Broader MFI ranges above the 50 percent MFI threshold would be more simplified than the existing 5 percent MFI ranges.
- A few workgroup members felt that SNG award should consider all mandatory fees, not just service and activity fees; yet, considering additional fees would drive costs higher.
- It is important to continue to consider the need for resources to cover non-tuition costs and reduce indebtedness.

Workgroup Awarding Policy Considerations:

- Allow institutions to reduce grants below maximum award amount for 0-50 MFI students when there are large numbers of unserved students.
 - Although there would be inconsistent awards as portion of tuition among institutions, that issue occurs now with campus unique policies.
 - Community colleges may be less likely to reduce award amounts.
 - The Council may want to consider adjusting the cost model to reflect true costs and describe partially served students.
- The 5 current MFI categories should be collapsed into 3 (0-50, 51-60, 61-70) and percentages of award covered can be determined by the Legislature.
- Foster care priority awarding is redundant in the SNG statute because it is covered via College Bound auto signups (RCW/WAC).
- The workgroup proposes continued summer awarding.
- The workgroup recommends keeping the Dependent Care Allowance option as campus-level decision for use within their allocation.

IV. Student Eligibility – Income and Assets

Chapter IV Highlights:

- Family income caps are determined in the legislative budget process and are currently set at 70 percent of median family income.
- Recent simplification in federal methodology has allowed family assets to be ignored. As a result, students with significant family assets have received SNG.
- Program eligibility includes satisfactory academic progress and requirements to repay portions of the grant if the student withdraws.

State Need Grant eligibility currently is based on a student's family-adjusted gross income and non-taxable income within median family income (MFI) thresholds. For 2012-13, the student's family income cannot exceed 70 percent of MFI (the current cutoff is \$57,500 for a family of four). Students must also demonstrate "financial need," which is determined by subtracting their expected family contribution (EFC) from their total cost of attendance.

Consideration of Family Assets

At the federal level, family assets used to be evaluated as part of determining need-based eligibility through the EFC formula. However, in recent years, efforts to simplify the federal FAFSA process have removed assets from consideration for families who are below a certain income threshold and/or participate in certain federal programs. As a result, some students are eligible for State Need Grant without review of their assets as a resource. (Assets include cash on hand and the value of investments but not the value of the family residence or retirement accounts.)

Asset Consideration Proposal

As a result of FAFSA simplification methodology, students from families with more than \$100,000 in assets received about \$5 million in SNG in 2010-11. They primarily were dependent students.

To more accurately evaluate the true economic situation of a student's family, the workgroup recommends assets be considered as follows:

- For students whose asset information is ignored due to simplified needs test, use the regular EFC, which considers asset data.
 - If need exists, proceed with packaging aid using the federal needs analysis and following standard institutional packaging policies to award SNG.
 - If need does not exist when using regular EFC, then the student is not eligible for SNG due to high assets.

- Students who left all asset questions blank should be encouraged to return a corrected FAFSA with all information supplied.
- Asset collection on the FAFSA should be reviewed annually to ensure the data are consistently available prior to requiring a secondary EFC.
- Financial aid administrators should be allowed to use professional judgment to account for unique circumstances. Council staff might provide examples of situations that could reasonably fall into this scenario.

Student Academic and Other Requirements

To remain eligible for SNG, students must maintain academic progress by meeting several criteria. Students must complete the credit hours used to determine their award amount and must meet a minimum grade point average threshold, usually 2.0 per term.

To be eligible for SNG, students must be considered residents of the state and be enrolled in an eligible undergraduate program of study that is at least two quarters in length and is not theology. There are limitations on the duration of award, including five years of usage, receipt of SNG for only one associate's degree within five years, and attendance in excess of 125 percent of the length of their program.

Good Standing in Financial Aid Programs

SNG recipients who do not attend at least half of the term owe a repayment to the program and are no longer eligible until the obligation has been paid. Students must not owe a repayment to any state or federal financial aid program or be in default on a student loan.

Workgroup Eligibility Discussion:

- Tying to Pell Grant eligibility would have some drawbacks. If Pell award amounts or eligibility changes, it could increase the cost to SNG.
- Following federal methodology has resulted in certain applicants' family assets being ignored in the need calculation, yet has allowed for an efficient application process.
- The Enhanced State Need Grant (formerly Educational Opportunity Grant) is an existing policy in statute meant to encourage transfer students when the state is able to fund it above the SNG appropriation.
- Policies to incent improved retention and graduation rates as well as review of the less-than-halftime enrollment level should be considered with the results of WSIPP outcome data analyses.
- The group agreed it would be inadvisable to set a policy that adjusts awards by year-in-school.
 - Offering larger awards in first two years is one approach to address first-year retention and allow students access to increased loans. This leads to a "bait and switch" concept and sends the wrong message regarding indebtedness for lowest income students.
 - Larger awards as students progress to encourage four-year degrees is another approach but offers the students most academically at-risk the least amount of funding.

Workgroup Eligibility Policy Considerations:

- Remove the child support exclusion as income for less-than-halftime students only (RCW).
- Require the review of assets in determining need using the "secondary" formula reported to campuses.
- Keep the five-year (15 quarters of eligibility) limit. Some programs require more than four years to earn a degree.
- Keep the minimum two quarter program length eligibility requirement.
- Review the Satisfactory Academic Progress rules in light of the change to federal requirements (WAC).
- Review high school diploma rules in light of the recent federal change in Ability to Benefit (not allowing alternatives to high school diploma/GED) (WAC).
- Address specific self-help requirements in light of tuition increases and borrowing rates (WAC).

V. Other State Approaches, Sector Positions and Literature Review

Chapter V Highlights:

- Of 10 states with comparable need-based access programs, all are tied to tuition and only two are considered entitlement programs.
- Eligibility and award amount formulas vary between states, including whether the state program ties to federal Pell Grant.
- Each sector provided a policy position paper for consideration as part of the SNG Policy Review report.
- Research has shown additional grant aid is associated with improved persistence.

As part of the State Need Grant review, representatives of 10 states considered the most similar to Washington were interviewed. The interview addressed the states' number of recipients, expenditure levels and program scope. The states were: California, Florida, Illinois, Indiana, New Jersey, New York, North Carolina, Pennsylvania, and Texas.

The interview addressed the following issues: program policy focus, funding sources, award amount determination, coordination with other aid, student eligibility, and other program requirements.

Policy Focus and Funding

The existing policies in 10 states center on providing *access* to and *choice* among eligible institutions for the states' needy students. Some states have or are considering migrating towards incorporating a merit- or outcome-based policy focus. For example, California's need grant incorporates a high school GPA minimum of 3.0 in the primary grant program but has two other need-grant programs that allow disadvantaged students or students in technical courses of study to have a 2.0 minimum GPA.

Of the 10 states interviewed, seven (including Washington) invested in excess of \$200 million in their primary grant aid programs, as shown in Figure 11. The remaining three (Florida, Minnesota and Indiana) did not invest more than \$200 million in their primary need-grant programs in 2010-11. Students served ranged from about 70,000 to more than 236,000.

Figure 11: Other States Funding and Students Served, 2010-11

State	Grant Aid Awarded (in millions)	Number of Recipients
California	\$1,269.92	236,112
Florida	\$154.38	120,812
Illinois	\$404.56	147,210
Indiana	\$238.77	70,628
Minnesota	\$129.61	88,823
New Jersey	\$315.97	71,343
New York	\$866.04	374,449
North Carolina	\$312.30	121,502
Pennsylvania	\$368.46	178,645
Texas	\$338.11	76,738
Washington	\$205.04	72,338

The 10 states rely primarily on general state funds for their need grant programs, but a few also have minimal contributions from lottery and other fund sources. The majority of states (California, Florida, Indiana, New Jersey, New York, Minnesota and Texas) indicated funding increases are tied to tuition increases or some combination of tuition and fee increases and cost of attendance.

Other states tie funding to increases in the total cost of attendance (Illinois, North Carolina and Pennsylvania). However, many states limit the number of students served, adjust income-eligibility cap, set an award cap or reduce award amounts due to funding restrictions. Two states consider their programs to be an entitlement so that no eligible student goes unserved (New York and Pennsylvania).

Award Amounts and Program Targets

The formulas used to develop award amounts and income caps vary considerably by state, resulting in a range of maximum awards. In some cases, the formulas used to determine award amounts are considered complex and tied to outdated information. Variables in the formulas include varying combinations of: cost of attendance, expected family contribution, self-help, income/assets, and overall state budget. California as a centralized program also evaluates family assets.

Most states vary their program by type of institution as well as enrollment level. All programs are considered “need-based” (the award amount combined with other aid cannot exceed the student’s financial need). In some cases, other aid will limit the actual award, whether it is the value of the Pell Grant or state merit aid.

States also were asked whether the state is centralized (the agency reviews individual student applicants and selects and awards students) or decentralized (the campus determines which student receives a grant and the award amounts). Six states are centralized (California, Illinois, New Jersey, North Carolina, New York and Pennsylvania).

Below are some examples of award-amount formulas.

- Texas has created a “target” award that is below the maximum award tied to tuition, to be used at the institution’s discretion to cover more students. For example, the maximum award for public four-year students is \$7,100 but the “target” award is set at \$5,000. Institutions must use available sources of aid, other than a loan, to cover any differences in the amount of a Texas Grant awarded and the actual tuition and fees at the institution.
- Minnesota’s “shared responsibility” model assumes that the student share should be 46 percent of the total budget, which includes a standard living allowance plus tuition/fees. The remaining 54 percent is covered by the parent contribution or EFC, Pell Grant and State Grant.
- Illinois’ formula is based on 2003-04 tuition/fees plus a standard living allowance of \$4,875, less an inflated expected family contribution, less a self-help contribution, less 80 percent of 2003-04 Pell Grant eligibility (\$4,050 maximum).
- Indiana’s grant program bases awards on 80 percent of the prior year tuition and fees less the expected family contribution. Income caps drop from prior year if there are more eligible students, effectively restricting the number of eligible students to the lower incomes.
- New York varies the award by type of institution, family income, dependency on parents, marital status, and dependents. The maximum award is \$5,000 or tuition, whichever is less, and the minimum award is \$500.
- California bases awards on cost of attendance, less EFC, less self-help.
- North Carolina bases awards on need, less Pell, less self-help, less a tax credit.

Student Eligibility

All states allow part-time enrollment eligibility, and part-time students are sometimes funded through a separate program. Some states limit programs to students with Pell Grant eligibility and then apply other criteria, and in at least one case income caps will be reduced due to budget constraints.

Most states allowed their grants to be used for four or five years, some within a specified timeframe. New York offers smaller awards for upper-class students, assuming federal loans are more accessible. Only one state limited the award to students attending public institutions. In determining eligibility, California is unique in the consideration of GPA, household size, parent educational level, and disadvantaged populations.

Coordination of Aid

Programs with tuition-based awards often do not allow the awards to exceed tuition. Programs vary in their coordination with Pell Grant. For example, Indiana views the program as a means to cover the total cost of attendance and as such does not coordinate with Pell Grant. New York has its own award formula that does not factor in Pell Grant. Other states have established state grant formulas that effectively create a “last in” state-funding scenario by subtracting Pell Grant (and other factors) before determining that state grant amount (California, Florida, Minnesota, and North Carolina).

State Websites

More information regarding these 10 states can be found at these websites:

California:	www.calgrants.org	New Jersey:	www.hesaa.org
Florida:	www.floridastudentfinancialaid.org	New York:	www.hesc.com
Illinois:	www.isac.org	N. Carolina:	http://finaid.uncc.edu/types-aid/grants
Indiana:	www.in.gov/ssaci	Pennsylvania:	www.pheaa.org
Minnesota:	www.ohe.state.mn.us	Texas:	www.collegeforalltexas.com

Sector Position Papers

Each organization representing the four sectors of institutions participating in the State Need Grant program submitted a position paper addressing SNG policies (see Appendix D).

The Independent Colleges of Washington (ICW) submitted a proposal to coordinate Pell Grant and SNG to allow serving additional students. ICW also requests the awards for private non-profit four-year institutions be tied again with awards to students in the public research sector, which would provide sufficient award increases to cover actual increases in tuition for students. Finally, the paper proposes the state implement a requirement for institutions to report student outcomes for SNG recipients.

The Council of Presidents (COP) submitted a position paper opposing the ICW proposal. The COP offered guidelines for consideration related to SNG policies, including increasing campus flexibility in packaging SNG, evaluating WSIPP results prior to a major shift in policy, and limiting new reporting requirements.

The State Board for Community and Technical Colleges (SBCTC)’s position paper supports the majority of the COP guidelines and suggests further SNG policy areas for consideration. The SBCTC recommends examination of several policy areas in rules including: the self-help requirement, the second associate’s degree restriction, and aligning the academic progress policy with federal requirements. The SBCTC also suggests limiting the number of certificates a student may earn while receiving SNG that are not directly related to a specific degree pathway.

The Northwest Career Colleges Federation offered a position paper on behalf of the participating career colleges. The paper echoes statements submitted by other sectors, including accountability for student outcomes and aligning academic progress requirements. They also request that the award amounts be restored to the value of public sector awards.

Literature Review

The WSIPP study due to the Legislature in December 2012, will describe outcomes of SNG recipients compared to other enrolled students. National research shows that students who receive grants and other forms of gift aid have higher persistence rates than those who receive less grant aid.

- State grants and federally subsidized loans received in the first year have positive effects on persistence.ⁱⁱⁱ
- Wei and Horn (2009) showed that being a Pell Grant recipient was associated with a shorter time to degree than being a non-recipient, after controlling for several related variables simultaneously (e.g., parent's education, undergraduate risk characteristics, and type of institution).^{iv}
- Grants were found to be related to persistence and attainment after controlling for other factors, particularly from the first to second year.^v
- The level of unmet need predicts the student's ability to persist.^{vi}
- STEM majors receiving only gift aid demonstrated higher rates of re-enrollment than those receiving only loans, only work-study, or combination packages.^{vii}
- State-granted aid may increase the possibility that students gain a degree at their first postsecondary institution.^{viii}

In addition, a recent report from the Brookings Institute provides three options for states to consider when targeting aid to needy students.^{ix}

1. Focus resources on students whose chances of enrolling and succeeding in college will be most improved by the receipt of state support.
2. Consolidate and simplify programs in order to make them easily understood by prospective college students and their families.
3. Design programs so they not only help students gain access to college but also encourage success after they arrive.

ⁱⁱⁱ Dowd, A. & Coury, T. (2006). The effect of loans on the persistence and attainment of community college students. *Research in Higher Education*, 47, (1). 33:62.

^{iv} Wei, C., & L. (2009) A Profile of Successful Pell Grant Recipients: Time to Bachelor's Degree and Early Graduate School Enrollment. National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Washington, DC.

^v Heller, D. (2003). Informing public policy: financial and student persistence. Western Interstate Commission for Higher Education. Report.

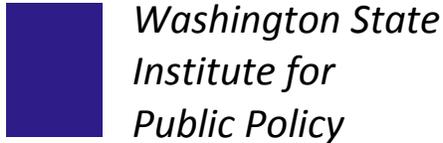
^{vi} Brescianai, M. and Carson, L. (2002). *NASPA Journal* 40 (1). 104:123.

^{vii} Fenske, R., Porter, J., & DuBrock, C. (2000). Tracking financial aid and persistence of women, minority, and needy students in science, engineering, and mathematics. *Research in Higher Education*, 41(1), 67-94.

^{viii} Chen, R. & St. John, E.P. (2011). State Economical policies and educational institution student endurance: A nationwide study. *The Journal of Higher Education*. 82(5).

^{ix} *Beyond Need and Merit: Strengthening State Grant Programs*. Browns Center on Education Policy at Brookings. May 2012.

www.brookings.edu/~media/research_files/reports/2012/05/08/20-reports/20-chinese/20-ubtchurnt/0508_state_grant_chinese_ubtchurnt.pdf



Washington State Need Grant Study Proposal

Mason Burley
September 2012

Legislative Assignment: The 2012 Washington State Legislature directed the Washington State Institute for Public Policy (Institute) to conduct a comprehensive study of the State Need Grant (SNG) program. The purpose of this study is “to determine to what extent this program has increased access and degree attainment for low-income students and to determine whether the funding for the state need grant has been utilized in the most efficient way possible to maximize the enrollment and degree attainment of low-income students.”¹ This study will take place in two phases based on the research questions and outcomes specified in the legislation (see below). The first report (due December 2012) will include relevant background on the program and outline trends in student outcomes. The final report (due December 2013) will evaluate the impact of the State Need Grant on student outcomes while accounting for other factors related to student success.

Program Background: The State Need Grant was created in 1969 and represents the state’s largest financial assistance program for low-income undergraduate students pursuing college degrees. The Legislature started this program with the purpose of “assisting financially needy or disadvantaged students domiciled in Washington to obtain the opportunity of attending an accredited institution of higher education.”²

For the 2011-12 academic year, the Legislature appropriated \$266 million for the State Need Grant program. During this year, 74,703 undergraduate resident students received a state need grant award, while 31,849 were eligible but did not receive an award due to a shortage of program funds.

The last major review of the State Need Grant program was conducted in 1998.^{3,4,5} Since this time, there have been significant changes in the demographic, economic, and institutional factors that shape the state’s student financial aid policy. This study will describe changes to the State Need Grant program over time, outline characteristics of students receiving a grant, examine the effectiveness of the program in improving access, enrollment, persistence and degree completion for low-income students, and present options for modifying the program to meet legislative goals.

¹ HB 2127

² RCW 28B.92.010

³ <http://www.wsac.wa.gov/sites/default/files/SNGpolicystudy12-1998.pdf>

⁴ <http://www.leg.wa.gov/Senate/Committees/WM/Documents/Publications/1998/finaidstudy.pdf>

⁵ <http://www.wsipp.wa.gov/rptfiles/FinAid.pdf>

Phase One: The first report (due December 2012) will provide background on the State Need Grant program, and examine:

- What are the characteristics of students receiving a State Need Grant (including, but not limited to gender, race and income)?
- What are types of degrees and certificates earned by State Need Grant recipients?
- How does the receipt of a State Need Grant relate to student's overall financial aid package? How does the interaction of the State Need Grant and other forms of financial aid affect college persistence and degree attainment?

To answer these questions, the Institute has completed data sharing agreements with the Washington Student Achievement Council (WSAC), the Council of Presidents (representing public four year baccalaureate institutions), the State Board for Community and Technical Colleges (SBCTC), Independent Colleges of Washington (ICW), and five additional career institutions.

The Education Research and Data Center (ERDC) will assist with merging data on student grants and loans (Unit Record) with enrollment and degree completion information from both public and private higher education institutions. The research data set provided to the Institute will permit an analysis of both enrollment persistence *and* degree completion of state-need grant eligible students across higher education sectors.

A ten year historical analysis of state need grant enrollment, award levels and need will be included in this initial report for students receiving an award between 2002 and 2011. Outcome information (enrollment, degree completion) will be available from 2004-05 through 2010-11 (seven academic years). This longitudinal dataset will permit an examination of students receiving a baccalaureate degree within six years for two cohorts of students (entering in 2004-05 and 2005-06). These results will be presented by sector and institution, where appropriate.

Phase Two: The second phase of this study (due December 2013), will include an in-depth look at the relationship between need based financial aid and outcomes in the higher education system. We will expand the outcomes analyzed to include access (decision to enroll), persistence, degree completion and time to degree.

To gauge the impact of the state need grant on these outcomes, we must account for a range of measures that relate to a student's post secondary outcomes such as student demographics, academic merit (test scores, grades), institutional selectivity and resources, economic conditions, and student/family financial resources.

Using data available from Washington's K-20 system, we anticipate adding explanatory variables on a student's high school GPA, college preparatory classes and other measures of merit and need to our analysis. Our comparison group will include students that were eligible, but did not receive a State Need Grant as well as students just above the eligibility threshold for a SNG award. Evaluation designs using the eligibility threshold criteria, called regression discontinuity, have been shown to demonstrate reliable results on the impact of financial aid programs.

For more information, contact Mason Burley at 360-528-1645 (mason@wsipp.wa.gov)

2012 HB 2127

(12) \$40,000 of the general fund--state appropriation for fiscal year 2012 and \$60,000 of the general fund--state appropriation for fiscal year 2013 are provided solely for the Washington state institute for public policy to conduct a longitudinal study of the state need grant program. The purpose of this study is to determine to what extent this program has increased access and degree attainment for low-income students and to determine whether the funding for the state need grant has been utilized in the most efficient way possible to maximize the enrollment and degree attainment of low-income students. This study shall include, but not be limited to, a review of the following:

- (a) The demographics of recipients of the state need grant program, including, but not limited to, gender, race, and income;
- (b) the effect of the state need grant on enrollment rates of low-income students at the different institutions of higher education and whether these students attend full-time or part-time;
- (c) the effect of the state need grant on recipients' persistence, performance, degree or certificate completion, and time to degree or certificate completion at the different institutions of higher education;
- (d) an inventory of the types of degrees and certifications at the different institutions of higher education, by field of study, obtained by recipients; and
- (e) The interplay of the state need grant program with other forms of financial aid and the effect of this interplay on access and degree attainment of low-income students.

A preliminary report of the findings shall be submitted to the governor and the appropriate committees of the legislature by December 1, 2012. A final report of the findings shall be submitted to the governor and the appropriate committees of the legislature by December 1, 2013.

The preliminary report shall provide a comparison of Washington's state need grant program to similar programs in other states. The reports shall include recommendations for using more efficiently the funds provided to the state need grant program to increase access and degree attainment of low-income students. To the maximum extent possible, this report shall disaggregate the demographic and institution specific data in a manner that will inform policymakers of the enrollment patterns and success of specific subsets of recipients within the different institutions of higher education. The higher education coordinating board, or its successor agency, the education data center, and the institutions of higher education shall cooperate with the Washington state institute for public policy in the conduct of this study and shall provide to the institute the necessary data and information to complete this study.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2483

(10) The council shall protect higher education consumers including:

- (a) Approving degree-granting postsecondary institutions consistent with existing statutory criteria;
- (b) Establishing minimum criteria to assess whether students who attend proprietary institutions of higher education shall be eligible for the state need grant and other forms of state financial aid.
 - (i) The criteria shall include retention rates, completion rates, loan default rates, and annual tuition increases, among other criteria for students who receive state need grant as in chapter 28B.92 RCW and any other state financial aid.
 - (ii) The council may remove proprietary institutions of higher education from eligibility for the state need grant or other form of state financial aid if it finds that the institution or college does not meet minimum criteria.
 - (iii) The council shall report by December 1, 2014, to the joint higher education committee in section 201 of this act on the outcomes of students receiving state need grants, impacts on meeting the state's higher education goals for educational attainment, and options for prioritization of the state need grant and possible consequences of implementing each option. When examining options for prioritizing the state need grant the council shall consider awarding grants based on need rather than date of application and making awards based on other criteria selected by the council

Appendix B: Workgroup Member List

Michelle Andreas
State Board for Community & Tech Colleges

Chadd Bennett
Independent Colleges of Washington

Patricia Billings
South Seattle Community College

Mike Bogatay
Washington Student Lobby

Vi Boyer
Independent Colleges of Washington

Mason Burley
WA State Institute for Public Policy

Clara Capron
Western Washington University

Scott Copeland
State Board for Community and Tech Colleges

Bruce DeFrates
Eastern Washington University

Karen Driscoll
Clark College

Steve DuPont
Central Washington University

Chio Flores
Washington State University

Paul Francis
Council of Presidents

Julie Garver
The Evergreen State College

Jordan Grant
Seattle Pacific University

Ted Haase
Shoreline Community College

Tracy Hall
The Evergreen State College

Angela Hedwall
Art Institute of Seattle

Carla Idohl-Corwin
South Puget Sound Community College

Matt Lemon
WA State Institute for Public Policy

Kay Lewis
University of Washington

Elaine Marcinek
ITT Technical Institute

Lorraine Odom
Highline Community College

Trisha Onion
Whatcom Community College

Becky Phillips
State Board for Community and Tech Colleges

Marilyn Ponti
Whitman College

Jane Sherman
Council of Presidents

Rick Sinclair
Interface College

Chris Thompson
Independent Colleges of Washington

Jim White
Gonzaga University

Gena Wikstrom
NW Career Colleges Federation

Greg Williams
Central Washington University

Patty Winder
Washington State University

Appendix C: Participating Institutions

Participating State Need Grant Institutions		
Public 4-year	Community and Technical	Private 2-year
University of Washington	Bates Technical College	Art Institute of Seattle*
Washington State University	Bellevue College	Divers Institute of Technology*
Central Washington University	Bellingham Technical College	Everest College*
Eastern Washington University	Big Bend Community College	Gene Juarez Academy*
The Evergreen State College	Cascadia Community College	Glen Dow Academy*
Western Washington University	Centralia College	Interface College*
	Clark College	International Air and Hospitality Academy*
Independent/Private 4-year	Clover Park Technical College	ITT Technical Institute*
Antioch University	Columbia Basin College	Lucas Marc Academy*
Bastyr University	Edmonds Community College	Northwest Indian College
Cornish College of the Arts	Everett Community College	Perry Technical Institute
DigiPen Institute of Technology*	Grays Harbor College	
Gonzaga University	Green River Community College	
Heritage University	Highline Community College	
Northwest University	Lake Washington Inst. of Technology	
Northwest College of Art*	Lower Columbia College	
Pacific Lutheran University	North Seattle Community College	
St. Martin's University	Olympic College	
Seattle Pacific University	Peninsula College	
Seattle University	Pierce College	
Trinity Lutheran College	Renton Technical College	
University of Puget Sound	Seattle Central Community College	
Walla Walla University	Seattle Vocational Institute	
Whitman College	Shoreline Community College	
Whitworth University	Skagit Valley College	
	So. Puget Sound Community College	
	South Seattle Community College	
	Spokane Community College	
	Spokane Falls Community College	
	Tacoma Community College	
	Walla Walla Community College	
	Wenatchee Valley College	
	Whatcom Community College	
	Yakima Valley College	

*For-Profit Institution

Appendix D: Sector Policy Position Papers

Toward a More Adequate, Efficient and Effective State Need Grant Program

By Independent Colleges of Washington

Background

The Washington Student Achievement Council is directed in House Bill 2483 to report to the Legislature on the State Need Grant (SNG) program. The report must address “outcomes of students receiving state need grants, impacts on meeting the state’s higher education goals for educational attainment, and options for prioritization of the State Need Grant and possible consequences of implementing each option.” The State Need Grant program’s purpose is “assisting financially needy or disadvantaged students domiciled in Washington to obtain the opportunity of attending an accredited institution of higher education.” (RCW 28B.92.010) Independent Colleges of Washington (ICW) strongly supports the State Need Grant program and seeks to strengthen it to meet the needs of students and the state’s economy within the context of limitations on funding growth in the future.

Current Context

Changes in the economy and the state budget suggest it is time to re-examine the focus, purpose, structure and requirements of the SNG program for a number of reasons:

- State goals call for the higher education system to increase bachelor’s degree production by 8,400 annually by 2018, a 27 percent increase. Advanced degree production would have to increase by 7,700 degrees annually to meet state goals for 2018, a 64 percent increase.
- The current economic recession and its aftermath have contributed to an unprecedented number of financially needy students who have enrolled in colleges and universities. Given limited funding, the state budget as well as college and university student financial aid policies generally prioritize SNG awards for students at or below 50 percent of the median family income (\$41,000 for a family of four). As a result the **program is falling far short of meeting its stated intention to assist students up to 70 percent of the median family income (\$57,500).**
- Students and families are facing increasing student loan debt to finance a college education today. High levels of unemployment, as well as economic trends signaling the need for higher levels of educational attainment, **add to the importance of making a college education financially feasible for many more low- and middle-income people in Washington.**
- The higher education public policy community nationwide is focused on program completion as a key policy objective. However, **little data is currently available about the success of SNG recipients.** While the program’s purpose clearly is access, focusing on access without considering outcomes is not responsive to current policy priorities and fiscal accountability.
- The state is not expecting significant new revenue for several biennia; therefore, program **changes must serve more students with greater leverage than ever before.**

Goals that can strategically and responsibly guide program revision to stretch state funds include:

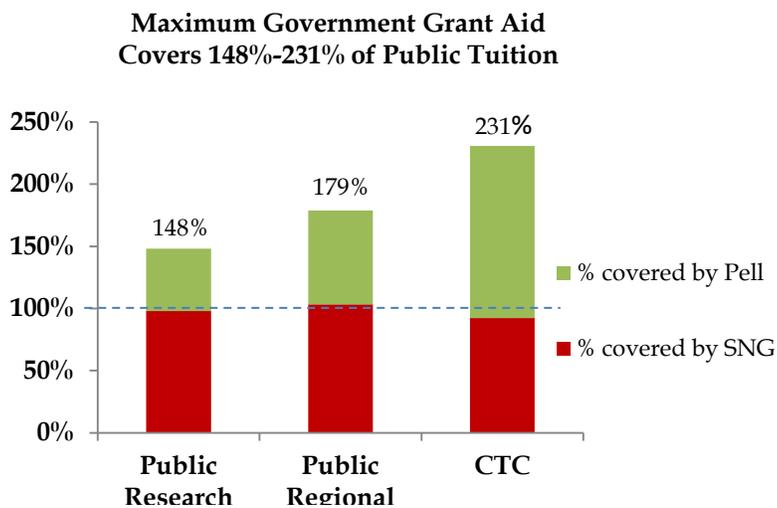
- Leverage federal sources of funding for need-based student financial aid;
- Serve eligible but currently unserved students;
- Expand eligibility to higher income thresholds – perhaps up to 100 percent of median family income; and
- Empower students to attend the college of their choice without state-created incentives that unintentionally could steer students toward particular college sectors.

Proposals

Coordinate State and Federal Aid to Serve More Students

Financing higher education is a shared responsibility – the student, the family, the institution and the state and federal governments each play a role. Coordination of state student aid with federal student aid will stretch SNG funds to serve more students.

Under current practice, SNG award amounts are not adjusted to take into account whether the student received a Federal Pell Grant. Most students (94%) who get a SNG award also receive a Pell Grant. The maximum award amount for SNG recipients covers nearly all tuition and fee costs at public institutions. Not just tuition but also a substantial portion of living expenses are covered by the combination of SNG and Pell Grants for the lowest income students attending public colleges. (The maximum Pell Grant currently is \$5,550 per year.)



[Note: Grant aid covers 44% of average tuition for ICW students.]

Maximum government aid covers 44% of average tuition for ICW students.

Federal Pell Grants will be awarded automatically to eligible students regardless of State Need Grant policy, so Pell Grants should be counted first among governmental aid, with SNG award amounts adjusted so that combined federal and state grant aid does not exceed a predetermined percentage above and beyond tuition. This coordination of state and federal student aid would enable **SNG funds to stretch further, serving more students – either students who are presently unserved, students who currently receive reduced awards, and/or students who are not currently eligible for the program.**

In this time of extremely limited state resources, and since Washington residents face living expenses whether they enroll in college or not, the state should leverage federal student aid to be sure that tuition is covered for all eligible students and at least a portion of tuition is covered for students from families up to the median family income level.

Reporting Results

The state has no requirement for reporting student outcomes for SNG recipients. Despite the absence of such a requirement, ICW chose to report sector graduation rates for SNG recipients for our independent non-profit liberal arts colleges in 2011, and plans to continue voluntarily doing so into the future. If sectors participating in the program were required to publicly report outcomes among students receiving SNG awards, this data could stimulate policy discussions about best practices and approaches associated with strong outcomes.

Empower Student Choice without Incentivizing Specific Choices

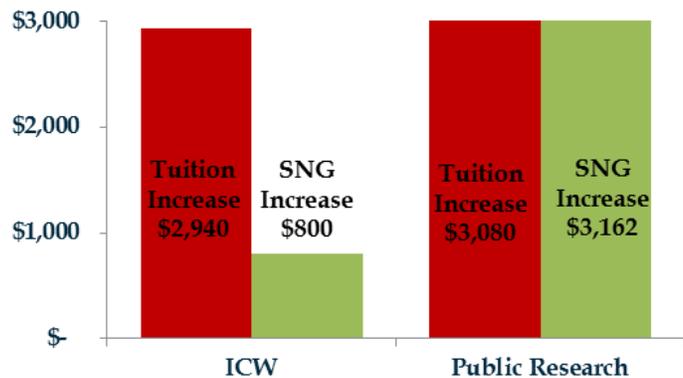
Student financial aid is for *students*. The purpose of student financial aid programs, including SNG, is to empower aspiring college students to select the college or program that best meets their needs and goals and to make college affordable by ensuring state student financial aid follows the individual student to the college where the student chooses to enroll.

Awards are tuition-based for public college sectors. Historically, grants for students at private colleges were linked to the logical counterpart among public college sectors.

In the 2011-13 state budget, the legislature discarded this longstanding policy of parity between students at independent non-profit colleges and students at public research institutions – the most similar public college sector. By the end of the current biennium, grants for students at the public research institutions will have increased by \$3,162

under the 2011-13 budget, offsetting their tuition increase of \$3,080 over that two year period. However, students at independent non-profit four-year colleges will be receiving only \$800 more in their grants, despite an average tuition increase of \$2,940.

2011-13 Budget Creates Different Grant Increases, Despite Similar Tuition Increase
Change between 2010-11 to 2012-13



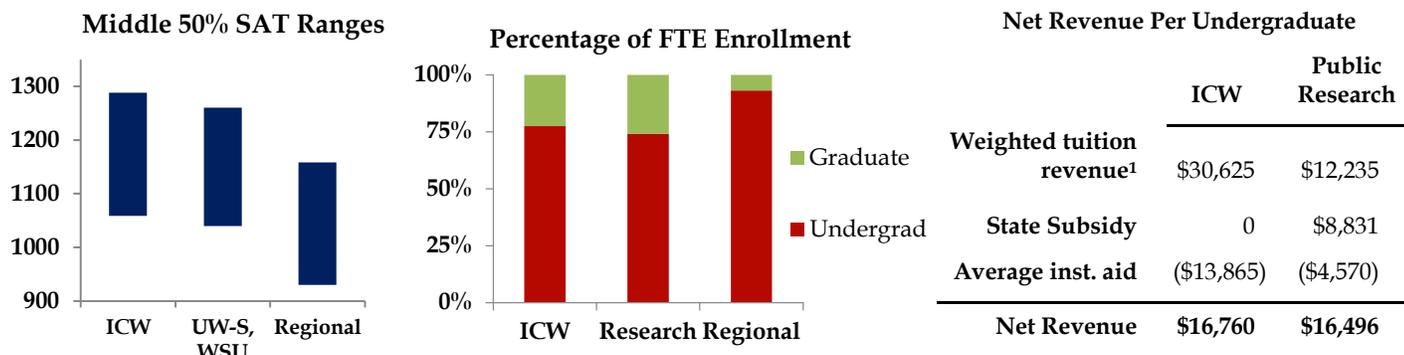
With parity removed from the state budget, students are being incentivized to enroll at public research institutions, where the number of enrollment slots is limited and where enrollment is further subsidized with state appropriations. The new policy for award amounts adopted in the 2011-13 budget infringes upon student choice, sacrificing the state’s neutrality with respect to individual students’ enrollment decisions.

A policy of incentivizing public college enrollment is not merely a disruption of student choice. It is also unwise fiscal policy. Low income students who choose an independent four-year college save the state money. It costs the state 87percent less to educate a low income student at an ICW college than it costs to serve the same student at a public research institution. And this does not take into account the considerable cost to the state of building and maintaining facilities at public research universities through the capital budget.

The parity for grants that prevailed from 1999 until 2011 held up for financial and programmatic reasons. First, parity constitutes more efficient use of state funds, since it avoids paying students to make choices that are more expensive to the state.

Secondly, student financial need for Washington residents is greater in the independent non-profit four-year college sector. The public research universities and independent non-profit colleges serve roughly the same proportion of low income students, but, as student loan debt data show, students in the ICW colleges demonstrate a higher level of financial need. ICW students are more likely to have debt at graduation and their average debt at graduation is \$6,000 higher than debt levels for students at UW and WSU.

A policy of parity in SNG awards between independent non-profit and public research institutions reflects programmatic similarities between these two sectors. ICW colleges are like public research institutions and unlike public regional/comprehensive institutions in terms of the levels of student preparation. The undergraduate and graduate program mix at the colleges also underscore the similarities of these two sectors. Cost and revenue structures are similar across these two sectors as well.



Thus, both efficient use of state tax dollars and targeting funds according to the greatest need support a policy of parity between independent non-profit universities and public research universities.

Conclusion

Coordinating state aid with federal grant aid can stretch SNG program funds to serve more currently eligible students, and allow middle income families to become eligible for the program, strengthening the program without significant increases in state funding. Reporting results will enhance accountability. Empowering student choice without creating incentives for them to pursue educational routes that are more costly to the state and requiring all colleges to report student outcomes for those receiving SNG can help improve both efficiency and accountability in the program.

¹Public research tuition weighted based on proportions of undergraduate enrollment by residency status. 85% of undergraduates at Public Research Universities were Washington residents in 2010-11, and 15 % were non-residents. For more information, please contact: Independent Colleges of Washington, 206.623.4494 Chris Thompson, chris@ICWashington.org or Violet Boyer, violet@ICWashington.org

Appendix D: Sector Policy Position Papers (cont.)

WASHINGTON STATE

Council of
Presidents

www.councilofpresidents.org

REPRESENTING WASHINGTON'S PUBLIC BACCALAUREATE INSTITUTIONS

State Need Grant Review

The public baccalaureate institutions appreciate the transparent manner in which the Washington Student Achievement Council's State Need Grant (SNG) review has been conducted and welcome the thoughtful proposal from our colleagues at the Independent Colleges of Washington (ICW). However, we would like to address inaccuracies in the recent proposal and propose guidelines for further consideration.

We are not supportive of a proposal, as put forth by ICW, that links together State Need Grant and Pell Grant funds as a matter of policy for a number of key reasons. First, while the Pell Grant program has been touted as an entitlement program, future funding is not guaranteed, particularly given recent concerns about federal debt levels along with differing political views on student financial aid. Indeed, a sharp decrease in Pell Grant funding or changes in eligibility criteria could spell disastrous results for students at our institutions under such a policy. Second, SNG and Pell eligible students do not receive adequate aid to cover the total cost of attendance at our institutions.

Reducing the amount of SNG aid provided will likely result in our state's neediest students borrowing more to fund their education. Increasing the debt burden of low-income students could result in even lower levels of postsecondary participation and further limit both our ability to reach statewide degree goals and a student's career aspirations and life decisions. Finally, SNG funds are subject to state appropriation. What would prevent the Legislature from enacting this policy and then immediately reducing SNG appropriations in order to save costs? Or reducing the maximum award to tuition minus Pell with no funds available to help cover students' living costs?

The ICW proposal recommends that percentage increases in the SNG should be uniform among the ICW and public research institutions – a policy with which we do not agree. It is important to note that tuition increases at our research institutions are the direct result of continued state disinvestment in higher education. Indeed, costs at our public baccalaureate institutions have remained constant over the past 20 years. Private institutions do not maintain linkages with state funding and do not face the same public and political pressure to maintain low tuition rates.

We would like to offer below additional feedback on the ICW proposal:

- The maximum SNG does not currently cover tuition and mandatory fees at all COP institutions.
- COP has for many years focused on student outcomes. In fact, Washington's public baccalaureate institutions maintain some of the best graduation rates in the nation.
- The proposal states that students are incentivized to enroll at public research institutions where enrollment is subsidized; however, the state's share of instructional costs has been declining for years and is at its lowest rate in history.
- The proposal makes virtually no mention of the comprehensive institutions and The Evergreen State College. We do not find a comparison between the 10 ICW institutions and UW and WSU to be one on which to base major policy decisions. Comparability between institutions should look at other factors, such as the institutional mission and the programs provided to students.
- Graduation rates are not the only way to measure student success.
- Debt load is a poor proxy for student financial need as many non-needy students take out loans to complete their education. Another factor to be considered should be the percent of Pell eligible and SNG eligible students enrolled at institutions. It is not clear how the statement that "public research and independent non-profit college serve roughly the same proportion of low income students" was calculated. With 32 percent of the undergraduates at the UW, for example, eligible for the Pell Grant it is unclear how this relates to the ICW's low-income calculation.
- Data should be sourced whenever possible.

The Council of Presidents offers the following guidelines for consideration:

- Increase institutional flexibility to package SNG students (within legislative directives) in order to better meet statewide and institutional goals and serve additional students. The public four-year institutions are providing increased institutional aid to SNG students. We would like to see increased SNG flexibility so we can leverage institutional funds with our SNG allocations and maximize the number of low and middle-income students we can serve.
- Limit the number of new reporting requirements whenever necessary.
- Defer major policy recommendations until results from the SNG study by the Washington State Institute for Public Policy have been announced – particularly the review of the interplay of the SNG program with other forms of financial aid and the effect of this interplay on access and degree attainment of low-income students – before moving forward with a major shift in policy.
- Avoid recommending expanded student income eligibility due to limited state resources.
- Review impact of funding of less-than-half-time enrolled recipients as well as DCA (Dependent Care Allowance) as a possible approach to streamlining eligibility and increasing funding.
- Discussion on the future of the College Bound Scholarship (and other state aid programs) in relation to changes to the SNG.

Appendix D: Sector Policy Position Papers (cont.)



State Need Grant
Position Paper (Draft)
August 2012
Revised November 2012

The opportunity to review and make recommendations for changes to the Washington State Need Grant (SNG) is a valuable process and will make a significant difference for students in need. The Independent Colleges of Washington and the Council of Presidents (COP) shared documents outlining feedback and guidelines for consideration as the State Need Grant review process moves forward. This document represents the interests of Washington State's community and technical colleges and offers support for the majority of the guidelines written and submitted by COP in July, 2012. We specifically support COP's suggested guidelines that include:

- Increasing institutional flexibility.
- Limiting the number of new reporting requirements.
- Deferring some policy recommendations until results from the SNG study by the Washington State Institution for Public Policy have been announced.
- Avoiding expanding student income eligibility.
- Discussing the impact of College Bound Scholarships on the SNG.

In addition, the community and technical college system are recommending the following to maintain the original intention of the SNG:

- Include Ability to Benefit as eligibility criteria. We recommend the following wording:
*A student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, is eligible for student aid IF the student is concurrently enrolled in a college-level eligible career pathway program and adult education program **or** the student has satisfactorily complete 6 credit hours of coursework that is applicable toward a degree or certificate offered by the institution of higher education.*
- Give priority to students who represent the most financial needy. Priority consideration should be given to students who fall within the 0-50 MFI category with secondary priority for students who fall within the 51-60 MFI category, third priority for students who fall within 61-70 MFI.

- Remove the restriction that requires a five year waiting period to be eligible for use of SNG for a second associate degree. We seek the following language.
A student shall be eligible to receive a state need grant for up to five years, or the credit or clock hour equivalent of five years, or up to one hundred twenty-five percent of the published length of time of the student's program. A student may be able to pursue a second associate degree and receive State Need Grant funding under the following conditions:
 - (1) *A student holds a technical associate degree and is pursuing a second technical associate degree in a different field of study; or*
 - (2) *A student holds a technical associate degree that does not meet transfer agreement standards and is pursuing a transfer associate degree; or*
 - (3) *A student holds a transfer degree and is pursuing a technical associate degree.**A student is ineligible to receive a state need grant for two associate transfer degrees.*
- Limit the number of certificates a student may obtain that are not directly related to specific degree pathways.
- Remove the 25% self-help requirement that can unfairly impact SNG funding for needy dependent students living at home. It is important to consider the cost savings associated with students living with parents as potential self-help in SNG awards.
- Include asset calculations as a requirement and cap both income and asset levels in determining eligibility. The intention is to align income/asset criteria with awarding SNG to neediest students.
- Align satisfactory academic progress and time to degree requirements with federal regulations to reduce confusion for students and parents.
- Maintain SNG for students who attend college less than half-time.
- Review funding options (separate funding) to activate Education Opportunity Grant which would assist students transferring from a CTC to a university or college.



Appendix D: Sector Policy Position Papers (cont.)

State Need Grant Position Paper August 2012

The Washington State Need Grant is a valuable resource to students and makes a significant difference to students receiving the aid. We have had the opportunity to review recommendations for changes to the Washington State Need Grant (SNG) proposed by the Independent Colleges of Washington, the Council of Presidents and the State Board for Community and Technical Colleges. We primarily agree with the statements of those entities and offer the following recommendations:

- The SNG is about funding students, not institutions. There should be equal treatment for all Washington citizens regardless of the tax status of the chosen institution.
- All institutions approved for the SNG should be held accountable for the success of SNG students as measured through a consistent formula. A consideration for continued participation should be an assurance to taxpayers making the investment that their dollars are providing a measurable return on the investment.
- Restore award equity for students. Students attending for-profit colleges should not be penalized.
- Align satisfactory progress requirements with federal regulations to reduce confusion for students and parents.

Currently career colleges participating in the SNG are held to additional performance standards compared to other sectors. These standards provide policymakers assurances that the institution is accountable. The elements are:

- Financial ability to deliver education, maintain operations and process refunds.
- Completion rate as required by the accrediting agency.
- Field related employment minimums met.
- Program and administrative review and competencies approved by COUNCIL and accrediting agency.
- Cohort default rate monitoring.

Appendix E: Additional Data Tables

Figure 12: 2010-11 Percent of Need Covered by Aid Type for Unserved

Unserved							
Sector	Student Loans	Other Grants	Institutional and Outside Grants/Schol	Work Study	Pell	SNG	Unmet Need
Research	31.58%	2.50%	6.00%	0.04%	19.88%	0.00%	40.00%
Regional	32.84%	1.89%	11.99%	1.09%	20.52%	0.00%	31.66%
Private	21.54%	2.41%	37.99%	1.54%	9.79%	0.00%	26.72%
CTC	18.97%	3.56%	4.40%	0.80%	32.10%	0.00%	40.18%
Private Career	34.11%	2.08%	11.51%	0.12%	19.69%	0.00%	32.49%

Note: Data reported for full-time, full-year students (6,751 unserved) for accurate reporting.

Figure 13: 2010-11 Percent of Need Covered by Aid Type for Served

Served							
Sector	Student Loans	Other Grants	Institutional and Outside Grants/Schol	Work Study	Pell	SNG	Unmet Need
Research	19.12%	3.61%	15.95%	1.58%	20.28%	28.76%	10.70%
Regional	26.46%	2.17%	8.23%	2.07%	23.61%	24.51%	12.95%
Private	20.13%	2.61%	28.14%	2.19%	11.49%	17.46%	17.99%
CTC	17.17%	2.47%	3.09%	2.24%	32.41%	14.77%	27.83%
Private Career	32.07%	2.42%	4.27%	0.1%	19.64%	8.39%	30.02%

Note: Data reported for full-time, full-year students (42,693 served) for accurate reporting.

Figure 14: 2012-13 SNG Base Award Amounts by MFI and Campus/Sector

Institution/Sector	0% - 50% (full award)	51% - 55% (70% of full award)	55% - 60% (65% of full award)	61% - 65% (60% of full award)	66% - 70% (50% of full award)
UW / WSU	\$10,868	\$7,608	\$7,064	\$6,521	\$5,434
CWU	\$7,631	\$5,342	\$4,960	\$4,579	\$3,816
EWU / CTC BAS Degrees	\$7,196	\$5,037	\$4,677	\$4,318	\$3,598
TESC	\$7,611	\$5,328	\$4,947	\$4,567	\$3,806
WWU	\$7,882	\$5,517	\$5,123	\$4,729	\$3,941
Private Four-year Non profit	\$8,517	\$5,962	\$5,536	\$5,110	\$4,259
Private Four-year For-profit - New Students	\$4,259	\$2,981	\$2,768	\$2,555	\$2,129
Community/Technical Colleges	\$3,696	\$2,587	\$2,402	\$2,218	\$1,848
Two-year For-profit – Continuing students	\$2,823	\$1,976	\$1,835	\$1,694	\$1,412
Two-year Proprietary – New students	\$1,412	\$988	\$917	\$847	\$706
2012-13 Dependent Care Allowance	\$885	\$620	\$575	\$531	\$443

Topic	Source
WSAC Administration	
Reserve of Funds	RCW
<i>28B.92.120... Funds appropriated for student financial assistance to be granted pursuant to this chapter shall be disbursed as determined by the office.</i>	
Guidelines on Performance of Duties	RCW
<p><i>28B.92.040... The office shall be cognizant of the following guidelines in the performance of its duties:</i></p> <p><i>(1) The office shall be research oriented, not only at its inception but continually through its existence.</i></p> <p><i>(2) The office shall coordinate all existing programs of financial aid except those specifically dedicated to a particular institution by the donor.</i></p> <p><i>(3) The office shall take the initiative and responsibility for coordinating all federal student financial aid programs to ensure that the state recognizes the maximum potential effect of these programs, and shall design state programs that complement existing federal, state, and institutional programs. The office shall ensure that state programs continue to follow the principle that state financial aid funding follows the student to the student's choice of institution of higher education.</i></p> <p><i>(4) Counseling is a paramount function of the state need grant and other state student financial aid programs, and in most cases could only be properly implemented at the institutional levels; therefore, state student financial aid programs shall be concerned with the attainment of those goals which, in the judgment of the office, are the reasons for the existence of a student financial aid program, and not solely with administration of the program on an individual basis.</i></p> <p><i>(5) The "package" approach of combining loans, grants and employment for student financial aid shall be the conceptual element of the state's involvement.</i></p> <p><i>(6) The office shall ensure that allocations of state appropriations for financial aid are made to individuals and institutions in a timely manner and shall closely monitor expenditures to avoid under or overexpenditure of appropriated funds.</i></p>	
Powers and Duties	WAC/RCW
<p><i>250-20-061... (1) The staff of the higher education coordinating board under the direction of the executive director will manage the administrative functions relative to this program.</i></p> <p><i>(2) The higher education coordinating board will review institutional administrative practices to determine institutional compliance with rules and regulations and program guidelines. If such a review determines that an institution has failed to comply with program rules and regulations or guidelines, the board pursuant to the procedures of WAC 250-20-081 may suspend, terminate or place conditions upon the institution's participation in the program and require reimbursement to the program for any funds lost or improperly expended.</i></p> <p><i>(3) Any student who has obtained a state need grant through means of a willfully false statement or failure to reveal any material fact, condition, or circumstance affecting eligibility will be subject to applicable civil or criminal penalties.</i></p>	

Topic	Source
WSAC Administration	
Powers and Duties, cont.	WAC/RCW
<p data-bbox="212 354 926 380"><i>28B.92.050...The office shall have the following powers and duties:</i></p> <p data-bbox="245 407 926 433"><i>(1) Conduct a full analysis of student financial aid as a means of:</i></p> <p data-bbox="245 462 1079 488"><i>(a) Fulfilling educational aspirations of students of the state of Washington, and</i></p> <p data-bbox="245 518 1073 544"><i>(b) Improving the general, social, cultural, and economic character of the state.</i></p> <p data-bbox="212 573 1864 628"><i>Such an analysis will be a continuous one and will yield current information relevant to needed improvements in the state program of student financial aid. The office will disseminate the information yielded by their analyses to all appropriate individuals and agents.</i></p> <p data-bbox="212 657 1864 764"><i>(2) Design a state program of student financial aid based on the data of the study referred to in this section. The state programs will supplement available federal and local aid programs. The state programs of student financial aid will not exceed the difference between the budgetary costs of attending an institution of higher education and the student's total resources, including family support, personal savings, employment, and federal, state, and local aid programs.</i></p> <p data-bbox="212 794 1843 849"><i>(3) Determine and establish criteria for financial need of the individual applicant based upon the consideration of that particular applicant. In making this determination the office shall consider the following:</i></p> <p data-bbox="245 878 638 904"><i>(a) Assets and income of the student.</i></p> <p data-bbox="245 933 1503 959"><i>(b) Assets and income of the parents, or the individuals legally responsible for the care and maintenance of the student.</i></p> <p data-bbox="245 989 1131 1015"><i>(c) The cost of attending the institution the student is attending or planning to attend.</i></p> <p data-bbox="245 1044 779 1070"><i>(d) Any other criteria deemed relevant to the office.</i></p> <p data-bbox="245 1099 1486 1125"><i>(4) Set the amount of financial aid to be awarded to any individual needy or disadvantaged student in any school year.</i></p> <p data-bbox="212 1154 1854 1209"><i>(5) Award financial aid to needy or disadvantaged students for a school year based upon only that amount necessary to fill the financial gap between the budgetary cost of attending an institution of higher education and the family and student contribution.</i></p> <p data-bbox="212 1239 1885 1294"><i>(6) Review the need and eligibility of all applications on an annual basis and adjust financial aid to reflect changes in the financial need of the recipients and the cost of attending the institution of higher education.</i></p>	

Topic	Source
WSAC Administration	
Establishing Rules	RCW
<p><i>28B.92.150... The office shall adopt rules as may be necessary or appropriate for effecting the provisions of this chapter, in accordance with the provisions of chapter 34.05 RCW, the administrative procedure act.</i></p>	
State Educational Trust Fund	RCW
<p><i>28B.92.140... The state educational trust fund is hereby established in the state treasury. The primary purpose of the trust is to pledge statewide available college student assistance to needy or disadvantaged students, especially middle and high school youth, considered at-risk of dropping out of secondary education who participate in approved early awareness and outreach programs and who enter any accredited Washington institution of postsecondary education within two years of high school graduation.</i></p> <p><i>The office shall deposit refunds and recoveries of student financial aid funds expended in prior fiscal periods in such account. The office may also deposit moneys that have been contributed from other state, federal, or private sources.</i></p> <p><i>Expenditures from the fund shall be for financial aid to needy or disadvantaged students. The office may annually expend such sums from the fund as may be necessary to fulfill the purposes of this section, including not more than three percent for the costs to administer aid programs supported by the fund. All earnings of investments of balances in the state educational trust fund shall be credited to the trust fund. Expenditures from the fund shall not be subject to appropriation but are subject to allotment procedures under chapter 43.88 RCW.</i></p>	
Accepting Gifts and Bequests	RCW
<p><i>28B.92.130... The office shall be authorized to accept grants, gifts, bequests, and devises of real and personal property from any source for the purpose of granting financial aid in addition to that funded by the state.</i></p>	
General Awarding	
Access to Needy Students	RCW
<p><i>28B.10.786...financial need shall not be a barrier to participation in higher education.</i></p> <p><i>28B.15.065 It is the intent of the legislature that needy students not be deprived of access to higher education due to increases in educational costs or ... increases in tuition and fees.</i></p> <p><i>28B.92.020(1) (a) Reaffirmation that the primary purpose of the state need grant program is to assist low-income, needy, and disadvantaged Washington residents attending institutions of higher education.</i></p>	

Topic	Source
General Awarding	
Equitable Opportunity	RCW
<i>28B.92.020(2) (b) State financial aid programs should continue to adhere to the principle that funding follows resident students to their choice of institution of higher education.</i>	
Keep Pace with Tuition	RCW
<i>28B.92.020(1)(b) A goal that the base state need grant amount over time be increased to be equivalent to the rate of tuition charged to resident undergraduate students attending Washington state public colleges and universities.</i>	
Award Policies	
Sector/Institutional Differences: <i>Applied BA awards Private award policies (slow growth, new students, tie to public sector) Placement of campus in sector based on majority of graduates</i>	Budget or guidance
MFI Income Cutoff	WAC/RCW
<i>250-20-021(13) "Income cutoff" means the amount of family income below which a student is determined to be eligible for the state need grant. (a) The cutoff shall be expressed as a percent of the state's median family income. The exact point of cutoff shall be determined each year by the board based on available funding. (b) The board will endeavor to award students, in order, from the lowest income to the highest income, within the limits of available funding.</i>	
<i>28B.92.020(2)(e) Institutional aid administrators be allowed to determine whether a student eligible for a state need grant in a given academic year may remain eligible for the ensuing year if the student's family income increases by no more than a marginal amount except for funds provided through the educational assistance grant program for students with dependents.</i>	
Pro-rations by MFI ranges	Budget
<i>250-20-040(4)(a) The total state need grant award shall be reduced for students with family incomes greater than fifty percent of the state's median and for less than full-time enrollment. (a) Students whose incomes are equal to fifty-one percent to seventy-five percent of the state's median family income shall receive seventy-five percent of the maximum award. Students whose incomes are equal to seventy-six percent to one hundred percent of the state's median family income shall receive fifty percent of the maximum award. Students whose incomes are equal to one hundred one percent to one hundred twenty-five percent of the state's median family income shall receive twenty-five percent of the maximum award.</i>	
Campus priorities	RCW
<i>28B.92.060(2) ... The board, in consultation with four-year institutions of higher education, and the state board for community and technical colleges, shall develop award criteria and methods of disbursement based on level of need, and not solely rely on a first-come, first-served basis.</i>	

Topic	Source
General Awarding	
Self-Help	RCW/WAC
<p><i>28B.92.020(1)(c) State need grant recipients be required to contribute a portion of the total cost of their education through self-help;</i></p> <p><i>250-20-041(9) The institution shall ensure that the recipient's aid package at a minimum consists of self-help equal to either twenty-five percent of the student's cost-of-attendance or an amount calculated annually by the board. The calculation is based on an assessment of the minimum amount that a typical student could reasonably earn while in school.</i></p> <p><i>(a) The self-help amount calculated annually by the board shall be determined by multiplying the net value of minimum wage (wage less employer taxes and medical aid), multiplied by twelve hours per week, and further multiplied by a representative thirty-three week academic year.</i></p> <p><i>(b) The school's aid administrator may exercise professional judgment and reduce the self-help requirement on a case-by-case basis. These cases should recognize exceptional individual student circumstances where a minimum self-help requirement would present a significant barrier to the student's educational success. These circumstances shall be documented in the student's file.</i></p> <p><i>(c) In counting self-help sources of aid, the aid administrator may include all loans, employment, work-study, and those scholarships or grants that were earned based on the student's substantial efforts over time, as well as family contribution, and unmet need.</i></p>	
Under-Awarding and Gift Equity	WAC
<p><i>250-20-041(2) Each eligible student receiving a grant must receive the maximum grant award for which he or she is eligible, unless such award should exceed the student's overall need or the institution's approved gift equity packaging policy.</i></p>	
Coordination with Other Aid	RCW
<p><i>28B.92.020(2) The board shall coordinate all existing programs of financial aid except those specifically dedicated to a particular institution by the donor.</i></p> <p><i>(3) The board shall take the initiative and responsibility for coordinating all federal student financial aid programs to ensure that the state recognizes the maximum potential effect of these programs, and shall design state programs that complement existing federal, state, and institutional programs.</i></p>	

Topic	Source
General Awarding	
<p>Part-Time Enrollment</p> <p style="padding-left: 40px;"><i>Non-matriculated < ½ x .060(5)(a)</i> <i>Provisional non-FAFSA < ½ x .060(5)(c)</i> <i>Review of < ½ time policies .085</i></p>	RCW/WAC
<p><i>28B.92.060 (5) (b) An eligible student enrolled on a less-than-full-time basis shall receive a prorated portion of his or her state need grant for any academic period in which he or she is enrolled on a less-than-full-time basis, as long as funds are available.</i></p> <p><i>Non-matriculated for less-than-half-time .28b.92.060(5)(a), Provisional non-FAFSA 28B.92.060 (5)(c)</i></p> <p><i>28B.92.080 (3) Be enrolled or accepted for enrollment on at least a half-time basis at an institution of higher education in Washington as defined in ***RCW 28B.92.030(1);</i></p> <p><i>(4) Until June 30, 2011, to the extent funds are specifically appropriated for this purpose, and subject to any terms and conditions specified in the omnibus appropriations act, be enrolled or accepted for enrollment for at least three quarter credits or the equivalent semester credits at an institution of higher education in Washington as defined in ***RCW 28B.92.030(1);</i></p> <p><i>250-20-011 (3) (a) For purposes of need grant eligibility, the student must be enrolled, at time of disbursement, in a course load of at least six credits per quarter or semester (except as specified in WAC 250-20-021 less-than-half-time pilot project and opportunity internship graduates)</i></p> <p><i>250-20-021 (27) The "less-than-half-time pilot project" is defined as follows:</i></p> <p><i>(a) The pilot project is authorized for 2007-11 in chapter 404, Laws of 2007 and is meant to test the feasibility of providing state need grant awards to students who enroll in three, four or five credits.</i></p> <p><i>(b) All rules and guidelines that govern student and school participation in the state need grant program shall apply to pilot project except the following:</i></p> <p><i>(i) The student may enroll for three, four or five credits per term.</i></p> <p><i>(ii) The grant award is equal to one-quarter of the regular base grant amount.</i></p> <p><i>(iii) Students otherwise enrolled in credit bearing course work may receive the grant for up to one academic year before being accepted into a program that leads to a degree or certificate.</i></p>	

Topic	Source
General Awarding	
Dependent Care Allowance	RCW/WAC
<p><i>28B.92.020(1)(d) State need grant recipients be required to document their need for dependent care assistance after taking into account other public funds provided for like purposes;</i></p> <p><i>250-20-021(16) "Dependent care allowance" is a flat grant amount, to be determined by the board, which is in addition to the eligible student's base grant.</i></p> <p><i>(a) The allowance is awarded to those students who have dependents in need of care. The dependent must be someone (other than a spouse) living with the student.</i></p> <p><i>(b) Care must be that assistance provided to the dependent by someone outside of the student's household and not paid by another agency.</i></p> <p><i>(c) Eligible grant recipients must document their need for the dependent care allowance.</i></p>	
\$200 Over-Award Tolerance	WAC
<p><i>250-20-041 (b) The base grant award shall not exceed the actual tuition and fees charged to the eligible student on an annualized basis by more than one hundred dollars. The one hundred dollar variance is only applicable in circumstances where changes to a student's credit or enrollment level after the initial disbursement would require a state need grant award adjustment to ensure that the award does not exceed the cost of tuition.</i></p>	
Concurrent Enrollment	Guidance
Repayments	WAC
<p><i>250-20-051(4) Should a student recipient withdraw prior to or on fifty percent of the term or prior to completing fifty percent of the scheduled clock hours during the term in which he or she received a state need grant, the student shall be required to repay a portion of the grant amount according to the board-approved repayment policy. This policy is separate and distinct from the federal repayment policy and computation. Beginning in 2009-10 the board-approved repayment policy shall incorporate the following repayment principles.</i></p> <p><i>(a) The repayment calculation is based on the portion of the term not completed or the percent of scheduled clock hours not completed.</i></p> <p><i>(b) A fifty percent reduction is applied to the final repayment calculation for relief of irretrievable costs of attendance. This adjustment is only available to students who officially or unofficially withdraw when the last date of attendance is known.</i></p> <p><i>(c) If the last known date of attendance occurs after fifty percent of the term, the award is considered one hundred percent earned and no repayment is due.</i></p> <p><i>(d) If a state need grant recipient attends a portion of a term and withdraws with no verified last date of attendance, the repayment will be fifty percent of the grant amount with no additional adjustments.</i></p> <p><i>(f) If a state need grant recipient never attends courses in the term for which they received a state need grant award, the repayment is one hundred percent of the grant amount. The institution shall advise the student and the board of amounts to be repaid.</i></p>	

Topic	Source
General Awarding	
Five-Year Awarding	RCW
28B.92.020(3) A student shall be eligible to receive a state need grant for up to five years, or the credit or clock hour equivalent of five years, or up to one hundred twenty-five percent of the published length of time of the student's program.	
Award Limited to Tuition Charges	WAC
250-20-041 (3)(b). The base grant award shall not exceed the actual tuition and fees charged to the eligible student on an annualized basis by more than one hundred dollars. The one hundred dollar variance is only applicable in circumstances where changes to a student's credit or enrollment level after the initial disbursement would require a state need grant award adjustment to ensure that the award does not exceed the cost of tuition.	
Year-Round Awarding	WAC
250-20-041(6) Depending on the availability of funds, students may receive the need grant for summer session attendance.	
Student Eligibility	
<p>Need and Income Standards</p> <p>70% MFI (determined annually)</p> <p>Counting income – align with federal methodology</p> <p>Consideration of assets</p> <p>3% tolerance for previous recipients</p>	<p>RCW/WAC</p> <p>Student budgets defined</p> <p>In 28B.92.060 (4)</p>
28B.92.060 (1) The board shall annually select the financial aid award recipients from among Washington residents applying for student financial aid who have been ranked according to:	
(a) Financial need as determined by the amount of the family contribution; and	
28B.92.080 (1) Be a "needy student" or "disadvantaged student" as determined by the *board in accordance with **RCW 28B.92.030 (3) and (4);	
<u>NEEDY/DISADVANTAGED/FEDERAL METHODOLOGY</u>	
250-011 (1) Be a "needy student" as determined by the higher education coordinating board in accordance with RCW 28B.10.802. These students must also meet the "income cutoff," be a "former foster youth", be a "disadvantaged student or be an opportunity internship graduate.	
250-20-021 (1) The term "needy student" shall mean a post-high school student of an institution of postsecondary education who demonstrates to the higher education coordinating board the financial inability, either parental, familial, or personal, to bear the total cost of education for any semester or quarter. Needy student also means an opportunity internship graduate who enrolls in a postsecondary program of study within one year of high school graduation. The determination of financial inability to bear the total cost of education shall be made in accordance with federal needs analysis formulas and provisions as recognized and modified by the board.	
(2) The term "disadvantaged student" shall mean a student who by reasons of adverse cultural, educational, environmental, experiential, or familial circumstance is unlikely to aspire to, or enroll in, higher education. Generally, this shall mean a dependent student whose parents have not attained a college education and/or whose family income is substantially below the state's median.	

Topic	Source
Student Eligibility	
Need and Income Standards, cont.	RCW/WAC
<p><u>FAFSA</u> 250-20-11(6) Have submitted the Free Application for Federal Student Aid to receive consideration for a Pell grant (except as specified in WAC 250-20-021 less-than-half-time pilot project and opportunity internship graduates).</p> <p><u>3% TOLERANCE</u> 28b.92.020 (1) (e) Institutional aid administrators be allowed to determine whether a student eligible for a state need grant in a given academic year may remain eligible for the ensuing year if the student's family income increases by no more than a marginal amount except for funds provided through the educational assistance grant program for students with dependents.</p> <p>250-20-021(13) (c) At the discretion of the institution's aid administrator, a student who is eligible for a state need grant in a given academic year may be deemed eligible for the ensuing academic year if his or her family income increases by no more than three percent, even if the stated median family income cutoff for grant eligibility is lower than that amount.</p>	

Resident	RCW/WAC
<p><i>28B.92.010 The purposes of this chapter are to establish the principles upon which the state financial aid programs will be based and to establish the state of Washington state need grant program, thus assisting financially needy or disadvantaged students domiciled in Washington to obtain the opportunity of attending an accredited institution of higher education. State need grants under this chapter are available only to students who are resident students as defined in RCW 28B.15.012(2) (a) through (d).</i></p> <p><i>28B.92.080(2) Have been domiciled within the state of Washington for at least one year;</i></p> <p><i>250-20-060 In accordance with RCW 28B.15.014, certain nonresidents may be exempted from paying the nonresident tuition and fee differential. Exemption from the nonresident tuition and fee differential shall apply only during the term(s) such persons shall hold such appointments or be so employed. To be eligible for such an exemption, a nonresident student must provide documented evidence that he or she does reside in the state of Washington, and:</i></p> <ul style="list-style-type: none"> <i>(1) Holds a graduate service appointment designated as such by an institution involving not less than twenty hours per week;</i> <i>(2) Is employed for an academic department in support of the instructional or research programs involving not less than twenty hours per week;</i> <i>(3) Is a faculty member, classified staff member, or administratively exempt employee who resides in the state of Washington and is holding not less than a half-time appointment, or the spouse or dependent child of such a person;</i> <i>(4) Is an immigrant having refugee classification from the U.S. Immigration and Naturalization Service or the spouse or dependent child of such refugee, if the refugee (a) is on parole status, or (b) has received an immigrant visa, or (c) has applied for United States citizenship; or</i> <i>(5) Is a dependent of a member of the United States Congress representing the state of Washington.</i> <p><i>250-20-011 (2) Be a resident of the state of Washington in accordance with RCW 28B.15.012 (2)(a) through (d).</i></p> <p><i>250-21-021 (5) "Washington resident" shall be defined as an individual who satisfies the requirements of RCW 28B.15.012 (2)(a) through (d) and board-adopted rules and regulations pertaining to the determination of residency.</i></p>	
Dual Credit Programs	RCW
<p><i>28B.92.086... Institutions of higher education are encouraged to review their policies and procedures regarding financial aid for students enrolled in dual credit programs as defined in RCW 28B.15.821. Institutions of higher education are further encouraged to implement policies and procedures providing students enrolled in dual credit programs with the same access to institutional aid, including all educational expenses, as provided to resident undergraduate students.</i></p>	

Topic	Source
Student Eligibility	
Student Application Procedure	RCW
<p>250-20-031... (1) <i>Application for a state grant must be made each year.</i></p> <p>(2) <i>All applications will be ranked anew each year.</i></p> <p>(3) <i>Application for a state need grant is accomplished through a student's application for admission to, and financial aid from, the institution of his or her choice.</i></p> <p>(4) <i>Financial data must be generated in accordance with the method set forth by the higher education coordinating board to assure that information will be consistent on a statewide basis.</i></p> <p><i>The board shall annually specify the student data elements essential for determining state need grant eligibility and shall authorize the forms and processes for collecting and analyzing such data.</i></p> <p>(5) <i>The burden of proof of a grant recipient's eligibility is with the institution. At a minimum:</i></p> <p>(a) <i>The institution must be able, on request of the board, to reconstruct the calculations and rationale for the student's grant eligibility and award amounts.</i></p> <p>(b) <i>The financial aid form or comparable financial status documents, with the resulting financial need analysis must be on record in the financial aid office for all grant recipients.</i></p> <p>(c) <i>The institution must also have on record justification for reawarding a need grant to any student who failed to make satisfactory progress.</i></p> <p>(6) <i>The board shall establish annual criteria by which the eligible student is to be identified, ranked, and awarded. Those criteria shall include the maximum award for each sector and the income cutoff level.</i></p> <p>(7) <i>The institution shall examine the student's aid application to determine overall need and specific state need grant eligibility and the appropriate award, using the board-approved criteria.</i></p> <p>(8) <i>The board will make available to all participating institutions, a list of all students who owe state need grant repayments or have otherwise exhausted their state need grant eligibility. It is the institution's responsibility to ensure that no ineligible student receives a state need grant.</i></p> <p>(9) <i>The financial aid administrator at each institution will be required to sign a statement attesting to the fact that all eligible financial aid applicants within state need grant parameters will be identified and served to the extent funds are available and that financial information will be determined in strict adherence to program guidelines.</i></p> <p>(10) <i>No group of students, such as single parents or part-time students, may be advantaged or disadvantaged in its access to the state need grant by any institutional awarding policy.</i></p> <p>(11) <i>The board will provide institutions with a list of eligible opportunity internship graduates.</i></p>	

Topic	Source
Student Eligibility	
Undergraduate	RCW/WAC
<p>250-20-11 (3) <i>Be enrolled or accepted for enrollment as an undergraduate student at a participating postsecondary institution. A student is not eligible if he or she has received a bachelor's degree or its foreign equivalent.</i></p>	
Eligible Program <i>Length of program</i> <i>Distance education</i> <i>Remedial coursework</i>	WAC Correspondence<1/2-20-011
<p>250-20-21 (23) <i>The term "eligible program" for a public or private nonprofit educational institution, shall mean:</i></p> <ul style="list-style-type: none"> (a) <i>A certificate, associate or baccalaureate degree program; at least a two-year program that is acceptable for full credit toward a bachelor's degree; or</i> (b) <i>A program that provides at least a 15-week undergraduate program of 600 clock hours, 16 semester hours, or 24 quarter hours that leads to a degree or certificate and prepares the student for gainful employment in a recognized occupation; and</i> (c) <i>A program encompassed within the institution's accreditation and be an eligible program for purposes of the federal Title IV student financial aid programs;</i> (d) <i>Apprenticeships qualifying as eligible programs for opportunity internship graduates. Apprenticeships must be associated with participating state need grant institutions.</i> 	
Institutional Participation	WAC
<p><u>PUBLICS/PRIVATE NON-PROFIT</u></p> <p>250-20-013 (1) <i>For an otherwise eligible student to receive a state need grant, the student must be enrolled in an eligible program at a postsecondary institution approved by the higher education coordinating board for participation in the state need grant program. To be eligible to participate, a postsecondary institution must:</i></p> <ul style="list-style-type: none"> (a) <i>Be a postsecondary institution as defined in WAC 250-20-021(3).</i> (b) <i>Participate in the federal Title IV student financial aid programs, including, at a minimum, the Federal Pell Grant program.</i> <p>PROPRIETARY</p> <p>250-20-013 (2)-(6) - (2) <i>In addition, a proprietary institution must demonstrate to the satisfaction of the board:</i></p>	
High School Diploma, GED, or Ability to Benefit	WAC
<p>250-20-11 (3)(c) <i>Have a high school diploma or its equivalent. Equivalent standards include a general education development certificate or a certificate of completion of a home study program recognized by the student's home state. For a student without a high school diploma or its equivalent, a school may accept a recognized ability-to-benefit test as defined by federal financial aid regulations.</i></p>	

Topic	Source
Student Eligibility	
Academic Progress SAP Repayment Calculation 125% maximum timeframe and 2nd AA degree 5- year award	RCW/WAC
<p><u>SAP</u> 250-20-11 (4) Maintain satisfactory progress as defined in WAC 250-20-021(19).</p> <p>250-20-21 (21) "Satisfactory progress" is the student's successful completion of a minimum number of credit or clock hours for each term in which the grant was received. Each school's policy for measuring progress of state need grant recipients must define satisfactory as the student's completion of the minimum number of credit or clock hours for which the aid was disbursed.</p> <p>(a) The minimum satisfactory progress standard for full-time students is twelve credits per term or 300 clock hours per term. Satisfactory progress for three-quarter time students is nine credits per term or 225 clock hours per term. Satisfactory progress for half-time students is six credits per term or 150 clock hours per term. Satisfactory progress for less than half-time pilot program students is three credits or 75 hours per term.</p> <p>(b) Each school's policy must deny further disbursements of the need grant at the conclusion of any term in which he or she fails to complete at least one-half of the minimum number of credits or clock hours for which the aid was disbursed or otherwise fails to fulfill the conditions of the institution's satisfactory progress policy.</p> <p>(c) The school may make disbursements to a student who is in a probationary status. "Probation" is defined as completion of at least one-half, but less than all of the minimum number of credits for which the aid was calculated and disbursed. The school must have a probation policy, approved by the board, which limits the number of terms in which a student may receive the need grant while in a probationary status.</p> <p>(d) The school's aid administrator may at any time, using professional judgment exercised on a case-by-case basis, reinstate a student back into a satisfactory progress status, in response to an individual student's extenuating circumstances.</p> <p><u>REPAYMENT CALCULATION</u></p> <p>250-20-061 (4) Should a student recipient withdraw prior to or on fifty percent of the term or prior to completing fifty percent of the scheduled clock hours during the term in which he or she received a state need grant, the student shall be required to repay a portion of the grant amount according to the board-approved repayment policy. This policy is separate and distinct from the federal repayment policy and computation. Beginning in 2009-10 the board-approved repayment policy shall incorporate the following repayment principles...</p> <p><u>125% MAX TIMEFRAME, 5 YEAR AWARD, AND 2ND AA DEGREE</u> 28b.92.060 (3) A student shall be eligible to receive a state need grant for up to five years, or the credit or clock hour equivalent of five years, or up to one hundred twenty-five percent of the published length of time of the student's program. A student may not start a new associate degree program as a state need grant recipient until at least five years have elapsed since earning an associate degree as a need grant recipient, except that a student may earn two associate degrees concurrently.</p>	

Topic	Source
Student Eligibility	
Academic Progress, cont.	
<p><i>28B.92.020 (3) The legislature also finds that:</i></p> <p><i>(a) In most circumstances, need grant eligibility should not extend beyond five years or one hundred twenty-five percent of the published length of the program in which the student is enrolled or the credit or clock-hour equivalent;</i></p> <p><i>250-20-11 (8) Not exceed the following state need grant usage limits:</i></p> <p><i>(a) The equivalent of ten full-time semesters or fifteen full-time quarters or equivalent combination of these two.</i></p> <p><i>(b) One hundred twenty-five percent of the school's published program length.</i></p> <p><i>(c) A new associate degree or certificate program as a state need grant recipient within five years of earning an associate degree as a need grant recipient, except that a student may earn two associate degrees concurrently. A student shall be deemed to have received an associate degree as a state need grant recipient if the student received grant payments in more than three quarters, two semesters, or equivalent clock hours while pursuing an associate degree.</i></p>	
Child Support Deduction for Less-than-Halftime	RCW
<p><i>28B.92.060 (4) In computing financial need, the office shall determine a maximum student expense budget allowance, not to exceed an amount equal to the total maximum student expense budget at the public institutions plus the current average state appropriation per student for operating expense in the public institutions. Any child support payments received by students who are parents attending less than half-time shall not be used in computing financial need.</i></p>	
Theology Prohibition	RCW
<p><i>28B.92.100 No aid shall be awarded to any student who is pursuing a degree in theology.</i></p>	
Discrimination Prohibition	RCW
<p><i>28B.92.090 All student financial aid shall be granted by the commission without regard to the applicant's race, creed, color, religion, sex, or ancestry.</i></p>	
Use Funds Towards Educational Costs	RCW
<p><i>28B.92.110 A state financial aid recipient under this chapter shall apply the award toward the cost of tuition, room, board, books, and fees at the institution of higher education attended. An opportunity internship graduate who enters an apprenticeship program may use the award for the costs of related and supplemental instruction provided through an institution of higher education, tools, and other costs associated with the apprenticeship program.</i></p>	
No Repayments	WAC
<p><i>250-20-011 (7) Certify that he or she does not owe a refund or repayment on a state or federal grant, and is not in default on a loan made, insured, or guaranteed under the Federal Family Education Loan Program, the Federal Perkins Loan Program, or the Federal Direct Student Loan Program.</i></p>	

Topic	Source
Student Eligibility	
Transfer of Recipients to New Campus	WAC
<i>250-20-041 (11) Any student who has received at least one disbursement and chooses to transfer to another participating institution within the same academic year may request that the receiving institution apply to the board for funds to continue receipt of the grant.</i>	
Appeal Process	WAC
<p><i>250-20-071 Should a student question his or her state need grant eligibility or award, the following procedures should be followed:</i></p> <p><i>(1) The student should direct questions and appeals to the financial aid officer at the institution he or she attends.</i></p> <p><i>(2) If the student is not satisfied with the response of the institution, he or she should assemble all relevant academic, financial, and personal data and forward it to the higher education coordinating board for review.</i></p> <p><i>(3) The board's division of student financial aid will review all material submitted and, if possible, will resolve the problem, advising the student of his or her eligibility and generating an award or, if the student is not eligible for a state need grant, advising the student of the reason for denial.</i></p> <p><i>(4) The higher education coordinating board will convene its review committee to consider the situation of any student whose state need grant eligibility is questionable, or upon the request of the student. If the committee finds the student eligible for state need grant receipt, it will advise the financial aid administrator at the institution the student attends and will recommend to the school that the student's state need grant award be processed immediately. If the review committee finds the student not eligible for state need grant receipt, it will advise the student of the reason for denial.</i></p> <p><i>(5) If the student is not satisfied with the decision of the review committee, the student's final recourse is submission of his or her case to the executive director of the higher education coordinating board.</i></p>	
<i>250-20-041(2) The state need grant award for an individual student shall be the base grant, appropriate for the sector attended and a dependent care allowance, if applicable, adjusted for the student's family income and rate of enrollment. Each eligible student receiving a grant must receive the maximum grant award for which he or she is eligible, unless such award should exceed the student's overall need or the institution's approved gift equity packaging policy.</i>	
Institutional Participation	
Applicability of Rules	WAC
<i>250-250-001... Unless specified, the term "state need grant" applies to both the state need grant program and the federal leveraging educational assistance partnership program. Institutions participating in the state need grant program must comply with the regulations specified in chapter 250-20 WAC and conform to all requirements of the leveraging educational assistance partnership program as specified in 34 Code of Federal Regulations, Part 692.</i>	

Topic	Source
Institutional Participation	
Participation Agreements	WAC
<p><i>250-250-015... A postsecondary institution which wishes to participate in the state need grant program must apply and be approved each year. As a part of the application process, the institution must provide all requested information, in the format specified by the board. Such information will include, but may not be limited to, the following: Name and address of school (including central office and all campus sites), name and address of owner(s), or if a corporation the name and addresses of stockholders holding more than twenty-five percent of the stock and percentage of stock held, the date on which the school officially began instruction if in the last five years, type and date of last accreditation, enrollment information (unless reported to the state of Washington or in the integrated postsecondary education data system), evidence of certification and participation in the Federal Pell Grant program and any other information upon request of the board as needed to determine the institution's eligibility. The institutions must also submit each year, for approval, a copy of its refund/repayment policy, student budgets, gift equity packaging policy and its satisfactory progress policy for state need grant recipients and such other information as may be required to assure proper administration of the program and financial stability. In addition the "agreement to participate" will also indicate the institution's agreement to abide by all program rules, regulations, and guidelines, to maintain and provide all pertinent information, records, and reports requested by the board, and to notify the board within thirty days of any change to information reported on the agreement form.</i></p>	
Student Directives/Choice at Private Institutions	WAC
<p><i>250-20-051 Grants Disbursement and Repayment</i></p> <p><i>(1) At intervals designated by the executive director, financial aid administrators from participating independent colleges and proprietary institutions will submit the appropriate cash request or reimbursement form to the higher education coordinating board for each state need grant recipient certifying enrollment and grant eligibility.</i></p> <p><i>(a) Upon receipt of the cash request or reimbursement forms, the higher education coordinating board will forward payments to the appropriate institution for each recipient or directly to the school as reimbursement.</i></p> <p><i>(b) At private and proprietary schools, as long as the student remains eligible for the grant, the payment must be given directly to the student without the institution placing any other condition on receipt of the payment. Institutions which participate in the electronic funds transfer reimbursement program, must follow the requirements of the student directives. The student directive is a board-approved document used to direct the schools in the student's choice of payment method, either a direct deposit or school issued warrant.</i></p> <p><i>(c) All signed receipts and student directives for state need grants are to be retained by the institution. They must be made available for inspection upon request of the board. All unclaimed payments must be returned to the board on or before the date specified by the board each term.</i></p> <p><i>(d) A student-by-student reconciliation must be completed by the institution at the end of each term.</i></p> <p><i>(2) All other institutions may request funds as necessary to make disbursements to students.</i></p> <p><i>(a) Interim progress reports must be filed with the board as requested.</i></p> <p><i>(b) A student-by-student reconciliation must be filed with the board at the end of each academic year.</i></p>	

Topic	Source
Institutional Participation	
Student Directives/Choice at Private Institutions, cont.	WAC
<p><i>(3) No institution may disburse nor claim more funds than that amount reserved by the board for the body of students at each institution.</i></p> <p><i>(4) Should a student recipient withdraw prior to or on fifty percent of the term or prior to completing fifty percent of the scheduled clock hours during the term in which he or she received a state need grant, the student shall be required to repay a portion of the grant amount according to the board-approved repayment policy. This policy is separate and distinct from the federal repayment policy and computation. Beginning in 2009-2010 the board-approved repayment policy shall incorporate the following repayment principles.</i></p> <p><i>(a) The repayment calculation is based on the portion of the term not completed or the percent of scheduled clock hours not completed.</i></p> <p><i>(b) A fifty percent reduction is applied to the final repayment calculation for relief of irretrievable costs of attendance. This adjustment is only available to students who officially or unofficially withdraw when the last date of attendance is known.</i></p> <p><i>(c) If the last known date of attendance occurs after fifty percent of the term, the state need grant award is considered one hundred percent earned and no repayment is due.</i></p> <p><i>(d) If a state need grant recipient attends a portion of a term and withdraws with no verified last date of attendance, the repayment will be fifty percent of the grant amount with no additional adjustments.</i></p> <p><i>(e) If a state need grant recipient never attends courses in the term for which they received a state need grant award, the repayment is one hundred percent of the grant amount.</i></p> <p><i>The institution shall advise the student and the board of amounts to be repaid.</i></p> <p><i>(5) The board reserves the right, if funds are available, to pay to public institutions an administrative expense allowance for the shared responsibility of administering the program on the board's behalf. The allowance shall be calculated annually as a percentage of the need grant funds disbursed by the institution.</i></p> <p><i>(6) Funds from grants which are declined, forfeited or otherwise unused shall be reawarded until disbursed.</i></p> <p><i>(7) The foster youth assurance is intended for unserved foster youth that were not identified during routine state need grant awarding processes and only after the institution has depleted its SNG reserve.</i></p>	

Topic	Source
Institutional Participation	
Institution Eligibility	WAC
<p>250-20-013 (1) <i>For an otherwise eligible student to receive a state need grant, the student must be enrolled in an eligible program at a postsecondary institution approved by the higher education coordinating board for participation in the state need grant program. To be eligible to participate, a postsecondary institution must:</i></p> <p>(a) <i>Be a postsecondary institution as defined in WAC 250-20-021(3).</i></p> <p>(b) <i>Participate in the federal Title IV student financial aid programs, including, at a minimum, the Federal Pell Grant program.</i></p> <p>(2) <i>In addition, a proprietary institution must demonstrate to the satisfaction of the board:</i></p> <p>(a) <i>That it is certified for participation in the federal Title IV student financial aid programs. Institutions which have been limited or suspended from Title IV programs are not eligible to participate in the state need grant program. A proprietary institution that is provisionally certified due to its failure to meet standards of administrative capability or financial responsibility may have its eligibility limited or denied. Institutions will be evaluated on a case-by-case basis and may be allowed to participate in a probationary status with conditions including a letter of credit, or other limitations.</i></p> <p>(b) <i>That it is capable of properly administering the state need grant program. In making this determination, the board will consider such factors as the institution's:</i></p> <p>(i) <i>Adequacy of staffing levels.</i></p> <p>(ii) <i>Staff training and experience in administering student financial aid programs and turnover in key personnel.</i></p> <p>(iii) <i>Compliance with the standards of administrative capability specified for purposes of federal Title IV program eligibility.</i></p> <p>(iv) <i>Pending legal regulatory issues.</i></p> <p>(v) <i>Written student complaints.</i></p> <p>(vi) <i>Compliance with state aid program regulations and guidelines.</i></p> <p>(vii) <i>Ability to maintain electronic systems to support state aid program tracking, payment requests and reporting obligations.</i></p> <p>(c) <i>That it is maintaining acceptable performance levels. In making this determination the board will consider such factors as the institution's:</i></p> <p>(i) <i>Student completion rate.</i></p> <p>(ii) <i>Student placement rate.</i></p> <p>(iii) <i>Student loan cohort default rate.</i></p>	

In evaluating completion and placement standards, the board will rely on the standards of the institution's accrediting agency or the standard established between the board and the institution at the time the participation agreement is signed. Multiple year averages will be considered in evaluating these standards. Each participating institution will submit its annual accreditation report to the board.

(d) That it is financially stable and has adequate financial resources to provide the services described in its official publications and statements. Institutions must meet the administrative and financial standards for participation in the federal Title IV programs. In making this determination, the board will consider such factors as:

(i) The school's annual financial statements. The board will not retain copies of confidential financial statements that cannot be exempted from the Public Disclosure Act, chapter 42.56 RCW.

(ii) The Department of Education's composite financial score.

(iii) Federal program review findings.

(iv) State reauthorization or relicensing reports.

(v) Accrediting agency show cause or other findings.

(vi) Enrollments by program and intent to terminate an existing program.

(vii) Enrollment trends.

(e) If evaluation of an institution's administrative capability, performance level, or financial strength results in concerns about the institution's participation in the state aid programs, the board may:

(i) Request additional information as well as give the school the opportunity to provide additional clarifying information.

(ii) Place an institution in a probationary status and specify the corrective actions which need to occur.

(iii) Require a letter of credit or bond.

(iv) Limit, suspend, or terminate an institution's participation in accordance with WAC 250-20-081.

(3) "Probation" indicates the board has determined that the school has one or more significant deficiencies for which corrective action is required within a specified time period.

(4) The school must renew its eligibility each year under these standards or as requested by the board. A school that has lost eligibility to participate must complete a new application for reconsideration.

(5) Nothing in this section shall prevent the board, in the exercise of its sound discretion, from denying eligibility or terminating the participation of an institution which the board determines is unable to properly administer the program or provide advertised services to its students.

(6) If an institution disagrees with actions taken by the board, the institution can appeal the action per the procedure outlined in WAC 250-20-081.

Topic	Source
Institutional Participation	
Institution Eligibility	WAC
Reserve of Funds	WAC
<p>250-20-037(1) <i>The board shall annually reserve funds for the body of students at each institution. The percentage of state need grant funds to be reserved equals the proportion of grant dollars needed to fund the eligible students who are enrolled, as reported on the interim/reconciliation report, at each school compared to the dollars needed to fund all state need grant eligible students enrolled in all participating schools.</i></p> <p>(2) <i>The board shall establish methods to reserve state need grant funds for:</i></p> <ul style="list-style-type: none"> (a) <i>Former foster youth;</i> (b) <i>Transfer students; and</i> (c) <i>New institutions.</i> 	
Special Programs and SNG	
Opportunity Internship	WAC
<p>250-20-021 (29) <i>An "opportunity internship graduate" means a low-income high school student who successfully completes an opportunity internship program (as defined in RCW 28C.18.162) and graduates from high school.</i></p>	
"Placebound" Transfer Student	RCW
<p>28B.92.030 (6) <i>"Placebound student" means a student who (a) is unable to complete a college program because of family or employment commitments, health concerns, monetary inability, or other similar factors; and (b) may be influenced by the receipt of an enhanced student financial aid award to complete a baccalaureate degree at an eligible institution.</i></p> <p>28B.92.060 (1)(b) <i>Other considerations, such as whether the student is a former foster youth, or is a placebound student who has completed an associate of arts or associate of science degree or its equivalent.</i></p>	
Enhanced Need Grants – Eligibility	RCW
<p>28B.92.0820</p> <p>(1) <i>To the extent funds are appropriated for this purpose and within overall appropriations for the state need grant, enhanced need grants are provided for persons who meet all of the following criteria:</i></p> <ul style="list-style-type: none"> (a) <i>Are needy students as defined in RCW 28B.92.030;</i> (b) <i>Are placebound students as defined in RCW 28B.92.030; and</i> (c) <i>Have completed the associate of arts or the associate of science degree, or its equivalent.</i> <p>(2) <i>The enhanced need grants established in this section are provided to this specific group of students in addition to the base state need grant, as defined by rule of the council.</i></p> <p>[2012 c 229 § 560; 2009 c 215 § 3.]</p>	
Disadvantaged/Foster Youth	RCW/WAC
<p>28B.92.060 (1)(b) <i>Other considerations, such as whether the student is a former foster youth, or is a placebound student who has completed an associate of arts or associate of science degree or its equivalent.</i></p> <p>250-20-021 (28) <i>The term "former foster youth" means a person who is at least eighteen years of age, but no more than twenty-four years of age, who was a dependent of the department of social and health services at the time he or she attained the age of eighteen.</i></p>	