

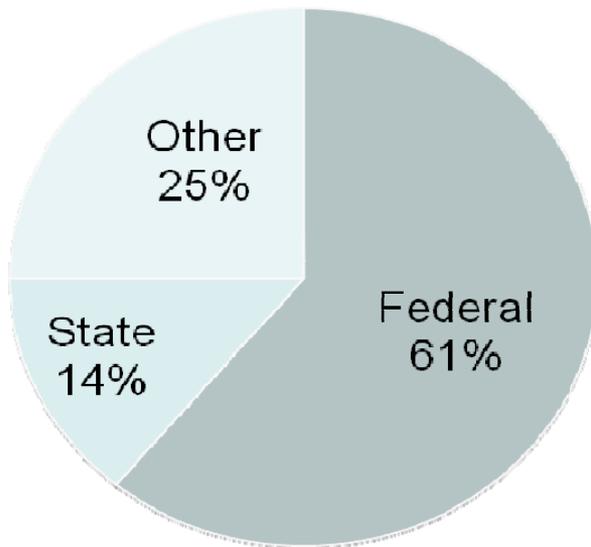
# An Overview of Student Financial Aid in Washington

# How much aid is disbursed and where does it come from?

## Total Aid – 2007-08

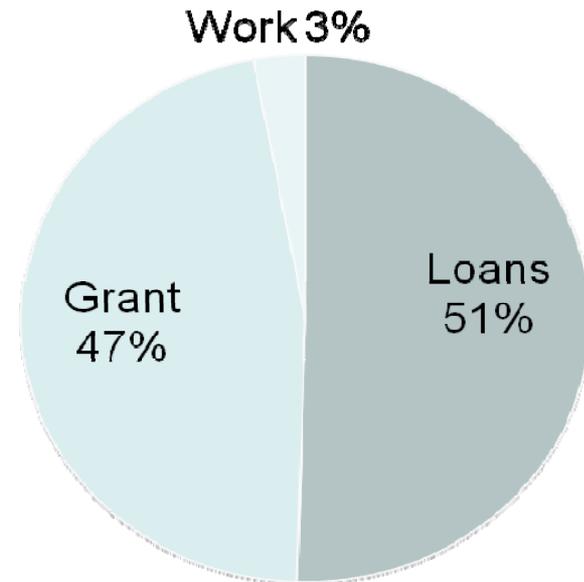
\$1.62 billion to 135,000 students

### Financial Aid by Source



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

### Financial Aid by Type



Loan	\$823 m
Grant	\$757 m
Work	\$ 44 m

# How much state aid is disbursed and how many students are served?

State Student Aid*	2007-2008	2008-2009 (est.)	2009-2010 (est.)
Total State Aid	\$216 million	\$236 million	\$253 million
Students Served	79,000	80,000	80,000
Participating Schools**	99	99	99

\*Includes only aid programs administered by HECB.

\*\*68 schools participate in State Need Grant.

## What is the purpose of state financial aid?

- Student aid is a means for implementing higher education policies and priorities
- Foundation policies:
  - Promote broad student access and choice
  - Provide incentives to meet specialized workforce needs
  - Promote merit
- Washington has a well-supported, broad-based, and flexible system of state student aid

## Washington has a well-supported system

- Washington now has a 18 year, 9 biennia, history of appropriating SNG to accommodate all applicants and keep pace with public sector tuition and fee increases for the lowest income students.
- Currently ranks 5<sup>th</sup> among states in terms of need-based grant aid per full-time equivalent enrollment:
  - New York \$1,049
  - New Jersey \$ 932
  - Pennsylvania \$ 893
  - Illinois \$ 804
  - **Washington \$ 756**
  - Indiana \$ 734
  - Minnesota \$ 714

Source: 2006 Survey - National Association of State Student Grant and Aid Programs.

# State aid programs are broad-based and flexible

- Broad-based access
  - State Need Grant
  - State Work-Study
  - College Bound Scholarship
- Targeted workforce
  - Conditional Scholarships for teachers and health care professionals
  - State Work Study High-Demand
- Merit
  - Washington Scholars and WAVE
- Special purpose
  - Opportunity Grant
  - Educational Opportunity Grant
  - Passport to College

## What are the characteristics of undergraduate residents who receive need-based aid?\*

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

\*Students may receive need-based aid from federal, state, or institutional sources.

## How do students access state and federal aid?

The FAFSA is used as the single application for all major federal and state need-based aid. No separate applications are necessary for State Need Grant or State Work Study.

# **State Need Grant:**

**The state's major program for  
broad-based student access**

# State Need Grant Overview

	2007-2008	2008-2009	2009-2010 (est.)
Funding*	\$182 million	\$195 million	\$212 million
Number of Students	70,085	71,000 (est.)	
Number of Participating Schools	68	68	68
Number of Students not Served	<2,000	4,000 (est.)	
Income Cut-Off	70% MFI (\$50,500 family of 4)	70% MFI (\$52,500 family of 4)	70% MFI (\$54,500 family of 4)

\* Includes a small federal match.

# Who is eligible for SNG?

- Demonstrated Financial Need
  - Federal methodology
  - Median family income 70% or less  
(\$54,500 for a family of 4 in 2009-10)
  - Resident
  - Undergraduate
  - Full-time and part-time students
- Enrolled in an Eligible Program
  - Program is eligible federal student aid participation
  - Leads to a degree or certificate
- Be Making Satisfactory Academic Progress

# Who is not eligible for SNG?

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

## SNG serves a diverse population.

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

## To what extent does SNG meet students' needs?

1. Unserved Students = 1.2% of all eligible in 2007-08; this number is likely to be about 5% for 2009-10
2. SNG as a percent of public tuition:

<u>Sector</u>	<u>Percent</u>
Research/Private Four-Years	89%
Regional	92%
CTC*	97%

\*CTC weighted average award for full-time SNG recipients.

## What are the HECB's plans for SNG?

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

- Part-time awards should equal either the minimum award per enrollment category or the average award per category
- Fully fund eligible less-than-halftime students by making it a regular feature of the SNG program
- Expand service population to 85% MFI

# Common Financial Aid Myths

# Common Financial Aid Myths

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

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

Program	Minimum Credits Required for Eligibility
State Need Grant	3 credits
State Work Study	6 credits
Federal Pell Grant	1 credit
Federal Supplemental Educational Opportunity Grant	1 credit
Federal Stafford and Direct Loans	6 credits
Federal Perkins Loan	1 credit
Institutional Student Aid Fund (3 ½% funds)	3 credits

## Common Financial Aid Myths

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

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

## Common Financial Aid Myths

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

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

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

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

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

## Common Financial Aid Myths

### 4. Hispanic students are loan-averse.

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

## Common Financial Aid Myths

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

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

Type of Aid	% Resident UG who Received	Average Amount Received
Grants	56%	\$6,200
Work-Study	8%	\$2,400
Loans	89%	\$9,000

However, average loan amounts for middle income students are \$3,000 higher than the average for the lowest income students.

## Common Financial Aid Myths

### 6. What constitutes financial aid?

**FACT:** Financial aid is money targeted to individual students in the form of grants, scholarships, loans, or work from federal, state, or private sources for the purpose of paying for educational expenses.

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

## Common Financial Aid Myths

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

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

These subsidies benefit all students in general but are not necessarily targeted to benefit any particular individual student though portions of the subsidy may be used for financial aid.

## Common Financial Aid Myths

### 6B. Tax credits are a form of financial aid.

**FACT:** The federal government uses tax credits to reward individuals for past behavior in order to reduce the amount of taxes owed.

## Common Financial Aid Myths

### 6C. GET is a form of financial aid.

**FACT:** GET is a state run program that allows families to prepay for future college tuition expenses.

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

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