



Washington State Need Grant

Less-Than-Halftime Pilot Project (SHB 1345)

December 2006

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Board Resolution

November 2006

Washington State Need Grant Less-Than-Halftime Pilot Project (SHB 1345)

Executive Summary

Overview

Substitute House Bill 1345 directed the Higher Education Coordinating Board (HECB) to develop a pilot project for the 2005-07 biennium to assess the need for, and cost to expand, student eligibility for the State Need Grant (SNG) program. The legislation directed the HECB to work with up to ten institutions in conducting a pilot project. Students at the pilot institutions who enrolled in four or five-quarter credit hours (or equivalent) and met other SNG eligibility criteria would be eligible to receive State Need Grant awards. The 2005-07 state operating budget allocated \$500,000 to the pilot project.

The HECB worked with institutions and the State Board for Community and Technical Colleges to select nine pilot institutions: seven community colleges, one private university, and one public four-year college. Institutions began serving students in fall 2005, and the pilot project has been underway for one year. A report is due to legislature by December 2006.

Project Evaluation

In order to be eligible to participate in the pilot project, schools agreed to attend two project meetings held in Olympia – one at the beginning of the project and another at the end of the fall quarter 2006. In addition, the board's financial aid staff worked with each school and collected additional feedback throughout the project. The board also surveyed a sample of student recipients from the 2005-2006 year.

Program need and potential costs were evaluated using data from: the HECB's Unit Record Report – submitted annually by all institutions; the SNG Interim Report – submitted quarterly by the nine pilot schools; and, student recipient survey results. These data also were used to identify critical policy issues.

More than 9,000 students demonstrated financial need and enrolled for less-than-halftime study in 2005-06. About 4,000 of the students were likely to be eligible for the SNG award.

Survey results indicate that work and family obligations are the most frequent reasons students enroll for only one course per term. Most of these students enrolled for one term at a less-than-halftime rate and then enrolled for halftime or greater the remainder of the year. Eligible students were largely considered financially independent of their parents, and most had children of their own.

Several important policy considerations emerged during the pilot project. Board staff explored these issues with financial aid directors and sector representatives and gathered data to evaluate potential policy concerns. The issues included student progression toward degree completion, matriculation status, award amounts, availability of other aid resources, three-credit course exclusion, student aid application complexity, and student budget limitations. This report includes a discussion of each policy item and potential solutions.

Board Recommendations

The board finds there is a need to extend State Need Grant eligibility to students enrolled less-than-halftime. The specific recommendations are:

1. Amend the State Need Grant statute (RCW 28B.92.080[3]) to make less-than-halftime enrollment a permanent feature of the SNG program. Do not create a separate program.
2. Do not place a limitation on the number of terms a student may receive the grant while enrolled less-than-halftime. Continue to monitor enrollment patterns of less-than-halftime students in subsequent years.
3. Continue the one-year exception to the matriculation requirement for State Need Grant recipients enrolled less-than-halftime.
4. Conduct a study of SNG award amounts for all part-time students in collaboration with sector financial aid administrators. Include the concept of a book allowance that might be available only to less-than-halftime students. Examine institutional administrative issues involved in any proposed change.
5. Amend the statute for the public schools' Institutional Financial Aid Fund (RCW 28B.15.820[2]) - also known as "the 3 and a half percent funds" to permit awards to less-than-halftime students.
6. Amend the State Need Grant statute (RCW 28B.92.080[3]) to permit three-credit courses to be eligible for SNG awards rather than the current four-credit minimum used in the pilot project.
7. Encourage institutions to review awarding policies to provide equivalent opportunities to access institutional aid - such as tuition waivers - as is provided to halftime and greater students.
8. Permit aid administrators, at their discretion, to make the initial SNG payment to less-than-halftime students based on the school's documentation of residency, income and resources. Make this a permanent feature and expand it to all students, regardless of their enrollment status. Require that subsequent payments not be made until the FAFSA and regular needs analysis has been completed and income has been verified.

Estimated Cost

As a permanent feature of the SNG program, serving less-than-halftime students statewide is projected to cost up to \$1.4 million per year.

Background and History

The SNG program began in 1971. Until 1990, only full-time enrolled students (those taking 12 credits or more) were permitted to receive awards. In 1990, the legislature extended eligibility to part-time students enrolled halftime or greater (six credits or more). At that time, this eligibility change was viewed by the legislature as assisting single parents, the working poor, and students with disabilities. Students enrolled for less than six credits remained ineligible for the state grant, as well as other major forms of aid, including federal assistance. In 2004-05, 12 percent of SNG recipients attended part-time (6 to 11 credits).

The 2005 Legislature authorized the Higher Education Coordinating Board to conduct a pilot project permitting otherwise eligible State Need Grant students to receive the award while enrolled for as few as four or five credits. The pilot was authorized through SHB 1345.

Less-Than-Halftime Students

Since 2000, greater attention has been paid on both the national and state levels to the needs of students attending less-than-halftime, and especially to low-income working adults. This population is viewed as being desirous and able to benefit from additional education, although family or work obligations may limit enrollment options to as little as one class per term.

In 1992, Congress recognized the enrollment needs of low-income working adults by allowing less-than-halftime students to receive the Pell grant. At the state level, a recent national poll indicates that 23 states have implemented 36 programs that include eligibility for less-than-halftime students. Of those, at least 13 states permit less-than-halftime students to participate in their major state grant program.

Recent estimates by the State Board for Community and Technical Colleges and the public four-year sector indicate that about 60,000 students enrolled for fewer than six credits for one or more terms in 2005-06. Approximately 50,000 of these students enrolled in community and technical colleges. At the same time, while still substantial, only about 9,000 students enrolled less-than-halftime and received some limited forms of need-based aid.

In 2006, the Workforce Training and Education Coordinating Board, in its draft report “Workforce Education, Financial Aid, and Student Access and Retention” recommended that the State Need Grant program include students who are enrolled less-than-halftime. The Washington Learns draft report released in October 2006 also indicated support for incorporating the less-than-halftime student into the regular State Need Grant program.

“I am so thankful for the grant money I was awarded. I could not afford to cut back on work hours and couldn’t fit in more credits with work and family obligations.”

- Student Recipient, from survey of less-than-halftime SNG recipients

House Bill 1345 – Less-Than-Halftime Pilot Project

The state's less-than-halftime State Need Grant pilot project follows a recommendation included in the 2004 Strategic Master Plan for Higher Education that the state create a new pilot program to help financially needy adults attend college part-time while working full-time. Prior to the 2005 legislative session, board staff convened a work group of sector representatives and others to devise a new student financial aid program targeted to support low-income working adults. Some of the features that were considered by the work group included:

1. A target population of low-income adults who were working more than 30 hours per week.
2. Students attending college on a part-time (including less-than-halftime) basis.
3. Award amounts up to the value of tuition and fees, plus books and supplies.

Some members of the work group suggested that the existing State Need Grant program be configured to support this population as opposed to creating a new program with its own set of rules, policies and procedures. As a result HB 1345 introduced early in the 2005 legislative session, made only one change to the State Need Grant statute and eligibility criteria – the minimum enrollment requirement was lowered from “at least halftime” to “four or five credits”.

Testifying in favor of the bill were, Representative Hasegawa (primary sponsor), the Higher Education Coordinating Board, the Workforce Training and Education Coordinating Board, and the Independent Colleges of Washington. The State Board for Community and Technical Colleges also testified in favor of the bill, but wanted to ensure that support for less-than-halftime students not jeopardize full funding for the current SNG program. They noted that some eligible students are left unserved under the current enrollment standards. In addition, one member of the public testified that, “individuals working full-time should be able to afford the cost of part-time attendance at a community college.”

While the HECB testified in favor of the bill, the board also noted that its \$1.8 million per-year cost estimate for serving less-than-halftime students was based on many assumptions and could not be accurately assessed. Although the board had detailed information on the eligibility of all students enrolled at a halftime or greater rate, it had limited information on the eligibility of students enrolled at a less-than-halftime rate.

The final version of the legislation converted the less-than-halftime feature into a pilot project that would last for the entire 2005-07 biennium. The measure directed that \$250,000 per year from the annual State Need Grant appropriation be earmarked for this project. The new law also required a report to the legislature by December 2006.

“Many students like me have work, family, and would like to continue to take one or two classes during their study and I believe that SNG award for less-than-halftime students will allow many students to continue to enroll in college and finish their education.”

– Student Recipient, from survey of less-than-halftime SNG recipients

Pilot Project Process

School Selection

Substitute House Bill 1345 directed the Higher Education Coordinating Board to select up to 10 schools to participate in the State Need Grant less-than-halftime pilot project. To be eligible, schools were required to be current participants in the SNG program.

During summer 2005, schools were invited to express their interest in becoming part of the pilot project. Interested schools were asked to complete a survey detailing their plans for project outreach connecting with existing programs and promotion. Community and technical colleges and four-year colleges and universities were eligible to participate. (The proprietary sector does not typically offer four- or five-credit courses, and therefore could not participate in the pilot project.)

Pacific Lutheran University was selected to represent the private four-year sector, and The Evergreen State College was chosen to represent the public four-year sector. Remaining participants were selected from the community and technical college sector. The HECB worked closely with the State Board for Community and Technical Colleges to select the community colleges.

Initially, six community colleges were selected to participate: Clark College, Columbia Basin College, Highline Community College, Peninsula College, South Puget Sound Community College, and Spokane Falls Community College. Based on such factors as the number of students, geographic area, and metropolitan versus rural characteristics, these institutions make up a diverse group of participants.

HECB staff limited the number of participants to eight, in order to provide a greater proportion of funds to schools that committed to testing special outreach activities designed to bring in new students from the workforce. The success of the promotional efforts would be evaluated by the ability of this subset of institutions to spend the higher amounts.

However, because of the challenges involved in starting the project, some schools were not able to make awards to students until winter quarter (January) 2006, leaving the possibility of some funds to be unspent. During the first meeting of the participating institutions, it was decided that these unspent funds would allow an additional school to be added. Spokane Community College was selected because the school had expressed interest in participating in the project and because the college's population includes a large number of less-than-halftime students. Ultimately, nine schools participated in the pilot project.

Timeline

The pilot project began in fall 2005, and will continue through the remainder of the 2005-07 biennium. During summer 2005, notification about the opportunity to participate in the project, and a survey about prospective outreach plans, were sent to institutions. The HECB and the SBCTC worked together to finalize the list of community college participants. Funds were allocated to the participating institutions as soon as they were selected.

Although the pilot project began during fall of the 2005-06 academic year, the fall term had already begun for most participating institutions. Only a few were able to make awards for fall term. The pilot project was fully operational by winter, which enabled all participating schools to make awards for winter term.

Throughout the first year of the pilot project, institutions were asked to submit their less-than-halftime data with their regular State Need Grant interim reports. This information enabled the HECB to anticipate which schools were spending more slowly than anticipated and shift funds to institutions that could use more. Non-participating schools were also encouraged to report their unserved four- and five-credit students. Due to the complexity of collecting data for non-participating students, only a small number of non-pilot schools included less-than-halftime students in their reports to the board.

All participating pilot schools and sector representatives met in February 2006 to discuss the pilot progress for each institution, identify emerging policy issues, and discuss the varying outreach methods the schools were using. This enabled participating schools to share ideas for potential implementation to promote the less-than-halftime SNG project.

A second meeting of pilot participants was held in October 2006. Prior to the meeting, a participant survey was sent to the nine institutions' financial aid directors to gather information regarding their experiences and opinions about the pilot project. The focus of this meeting was to summarize the feedback gathered from the participant survey and answer questions. Feedback from the financial aid directors has been incorporated into this report.

Participation Agreement Addendum

All participating institutions were required to sign an addendum to their Institutional Agreement to Participate in the Washington State-Funded Student Financial Aid Programs. The addendum outlined additional expectations and responsibilities of pilot participants including selection of students, provision of additional data, promotional efforts for those that received additional funding, and travel to meetings.

Student Eligibility

Institutions were given permission to retroactively award eligible students for the summer and fall terms of the 2005-06 academic year. This is consistent with the policy used for the regular State Need Grant program.

With the exception of the four- or five-credit enrollment status, all other eligibility requirements were the same as the requirements for the regular State Need Grant program for the majority of the first year of the pilot project. In spring 2006, an exception was made for non-matriculated students. Some of the pilot project participants felt that the SNG requirement that students be matriculated into a specific degree program was a road block unique to this population of students, many of whom were just beginning to explore their educational options (see Section IV).

School Reserves

Similar to the regular State Need Grant program, HECB staff established a budget for each institution participating in the pilot projects. These budgets are commonly referred to as the institution's "reserve". HECB staff tracked the \$500,000 biennial allotment for the pilot project separately from the regular SNG program reserves. This allowed the HECB to monitor spending and adjust amounts among the institutions as needed throughout the year. Unspent funds from the first year were carried over into the second year.

Under the regular SNG program, reserves are based on the number of SNG eligible students (both served and unserved) that are reported by each institution for the prior year. At the beginning of the pilot project, no data existed on SNG eligible four- and five-credit student populations at the participating institutions. Therefore the HECB used as a proxy data on how many less-than-halftime students received federal Pell grants collected in the Unit Record Report.

The institutional reserves for the pilot project were based on the proportionate percentages of students receiving less-than-halftime Pell awards among the participating schools. In addition, a minimum reserve amount was established to ensure smaller institutions received sufficient funds. Reserves were also increased for participating institutions that agreed to implement extensive outreach plans to identify students and create interest in the program. Below are the first year reserves.

Year 1: 2005-06 Academic Year Reserves

Institution	Initial Reserves 2005-06
The Evergreen State College	\$ 27,900.00
Pacific Lutheran University	\$ 3,756.00
Clark College	\$ 54,970.00
Columbia Basin College	\$ 49,529.00
Highline Community College	\$ 38,040.00
South Puget Sound Community College	\$ 25,000.00
Peninsula College	\$ 17,105.00
Spokane Falls Community College	\$33,700.00
Spokane Community College*	--
Totals	\$250,000.00

*Spokane Community College joined the pilot project more than halfway through the academic year, and was granted a supplemental reserve instead of an initial reserve similar to the original schools.

Student quarter-time award amounts per term

Institution	2005-06	2006-07
The Evergreen State College (quarters)	\$310	\$331
Pacific Lutheran University (semesters)	\$626	\$674
Community colleges (quarters)	\$194	\$204

The second year (2006-07 academic year) reserves were derived from an appropriate portion of the eligible served and unserved, four-and five-credit students reported at the participating schools for the 2005-06 academic year. Carryover funds totaling \$93,860 were moved into the second year of the pilot project. Some dollars were held aside and will be distributed after fall quarter data has been received. The institutions that report the most unserved student populations will receive the additional dollars.

Year 2- Academic year 2005-06 reserves

Institution	Initial reserves 2006-07
The Evergreen State College	\$ 15,000.00
Pacific Lutheran University	\$ 27,000.00
Clark College	\$ 49,305.00
Columbia Basin College	\$ 48,487.00
Highline Community College	\$ 46,853.00
South Puget Sound Community College	\$ 58,022.00
Peninsula College	\$ 15,000.00
Spokane Community College	\$ 15,000.00
Spokane Falls Community College	\$ 25,333.00
Totals	\$300,000.00

For the second year reserves, a \$15,000 minimum was used for institutions whose prorated percentages came to less than this minimum. This affected three pilot project participants.

Pilot project participants received their reserve amounts in time to incorporate them into their early award packages. The early awarding timeframe varies by institution, but generally takes place in early spring, well in advance of the academic year. Knowing the reserve amounts prior to early awarding should make it easier for institutions to spend a larger portion of their reserves. Expenditures also are anticipated to increase because familiarity with the project has increased, and financial aid staff are more familiar with the promotional techniques that work best to notify students about the project.

“The grant allowed me to stay enrolled in a course of study even though I am unable to attend full-time or even halftime depending on my circumstances.”

– Student Recipient, from survey of less-than-halftime SNG recipients

Project Promotion

Outreach for the pilot project included partnering with other campus programs, as well as marketing and promotional strategies. Pilot project participants spent institutional funds on their outreach efforts. Some of the promotional efforts included: radio advertising, mailings to part-time students, campus fliers, all-student e-mails, and class schedule advertisements. Overall, financial aid directors did not feel these promotional efforts made a significant difference in bringing new students to campus.

Some examples of the programs that financial aid administrators networked with include recruitment and retention centers, TRIO offices, WorkFirst offices, the EWU Portfolio program (which targets working adults), the GED Plus program, outreach and diversity offices, and student services divisions.

Promotional efforts for the SNG pilot project varied widely between participants. Several institutions invested a large amount of time and money in their promotional strategies attempting to attract new students, while others concentrated their efforts on eligible students who were already enrolled or intended to enroll for four or five credits. Participants that promoted the project heavily did appear to have more success in increasing the amount of funds expended for this project. More than half of the participating institutions made extensive promotional efforts to inform students about the existence of the award.

“Having the funding was an unexpected gift that I will never forget. My classes were demanding and time consuming but I simply couldn’t afford to quit my job and attend school full-time. It really helped to ease the financial pressure. It made me work extra hard, knowing that whoever helped pay for my college would certainly want me to do my best.”

– Student Recipient, from survey of less-than-halftime SNG recipients

System Modifications

All participating pilot institutions were responsible for locating and verifying the eligibility of students who received the SNG four- and five-credit award. For project-tracking purposes, a separate cash request form and reconciliation process was used for the pilot project than is used for the regular SNG program.

All participating pilot participants, particularly the community colleges, had to do an extensive amount of manual processing in the beginning of the project. The institutions extracting data on the four- and five-credit students out of their student databases in order to include it with their regular HECB interim report. Some reprogramming of the HECB reporting process was done to assist these institutions; however, reporting still involves considerable processing outside of the regular SNG procedures.

Project Assessment

The HECB has kept in close communication with participating institutions and others throughout this pilot project. The institutions and various sector representatives have been very cooperative in providing the requested data. This has involved extra effort – in particular from the Center for Information Services (CIS) for the community colleges. The CIS has helped modify report procedures and collect and report program and course data.

Data provided from the schools, the interim report and the Unit Record Report were compared to the Free Application for Federal Student Aid (FAFSA) information. Data were used to evaluate the demographics of the population being served by this pilot project.

Three different surveys have been conducted since the beginning of the pilot project. The first was to obtain information from institutions interested in participating in the pilot. The second survey was used to capture feedback from the participating financial aid directors about the pilot project. A third survey was conducted with the students who received the less-than-halftime SNG awards; 50 students responded. All of these surveys provided valuable information for the purposes of preparing this report.

In addition, two meetings of the pilot participants have been held. The first was near the beginning of the project to serve as a check-in on the project, processes, issues and roadblocks. The second was to assess the success of the project to date by obtaining feedback from participating schools.

Expenditures, Statistics, and Demographics

Expenditures

In 2005-06, \$250,000 was allocated to the nine pilot institutions. Unspent funds of \$93,860 were carried over to Year 2 of the pilot project. Most institutions anticipate full expenditure of their reserves by the end of Year 2. At the time of this report, the second year of the pilot had just begun.

As described in Section II, institutions did not begin disbursements in Year 1 until after fall term had begun. Initially, only six community colleges, one private university and one public four-year institution were selected to participate in the pilot. Of these, a few received larger allocations to implement outreach strategies. An additional community college was added late into Year 1, for a total of nine institutions.

The pilot project served 680 students in 2005-06, and identified an additional 120 unserved eligible students at the nine pilot institutions. The community colleges clearly demonstrated a greater demand than did the four-year institutions.

2005-06 Expenditures SNG Less-Than-Halftime Project

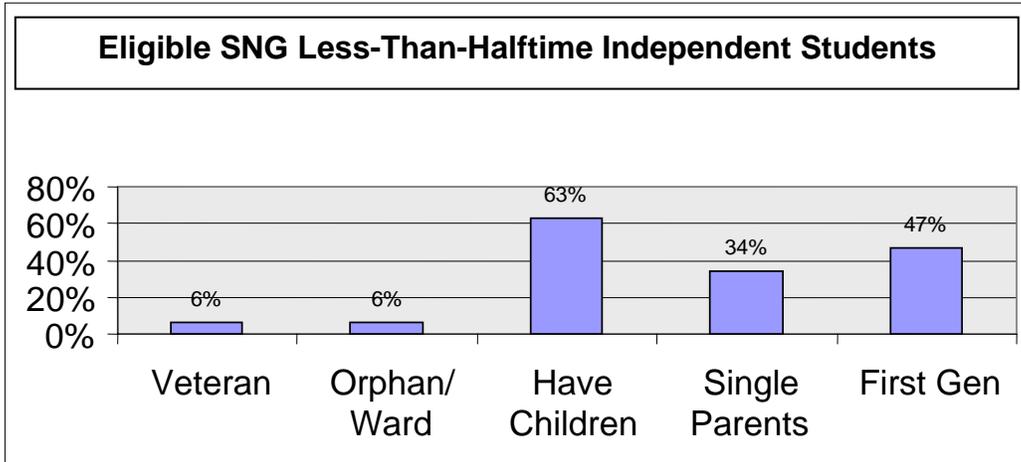
Institution	Expenditures 05-06	Served Headcount	Unserved Headcount
Clark College	\$29,971	147	10
Columbia Basin College	\$31,584	140	7
Highline Community College	\$20,055	96	59
Pacific Lutheran University	\$17,688	30	0
Peninsula College	\$6,590	33	0
South Puget Sound Community College	\$26,357	124	44
Spokane Community College	\$4,188	21	0
Spokane Falls Community College	\$17,858	81	0
The Evergreen State College	\$1,849	8	0
Totals	\$156,140	680	120

Student Characteristics and Demographics

Students responding to a survey listed multiple reasons for attending less-than-halftime. The reasons included work hours (36 percent), costs (32 percent), family obligations (29 percent), and childcare needs (18 percent). The comments related to this question also focused on curricular needs such as the sequence of course offerings, difficulty of certain classes preventing larger course loads, and the use of summer term.

About 72 percent of eligible students were financially independent of their parents, compared to 63 percent for the entire SNG population. There were higher percentages of students with children and single parents (46 percent and 25 percent, respectively), than the entire SNG population (30 percent and 18 percent, respectively).

The following chart describes characteristics of the 72 percent of eligible students identified in the pilot project who are considered to be financially independent of their parents.



About 72 percent of all students eligible for the pilot project are female, compared to 62 percent for the entire SNG population. Students ranged in age from 18 to 60 but 60 percent were older than 24. Forty one percent of the students were freshmen, which is comparable to the entire SNG population.

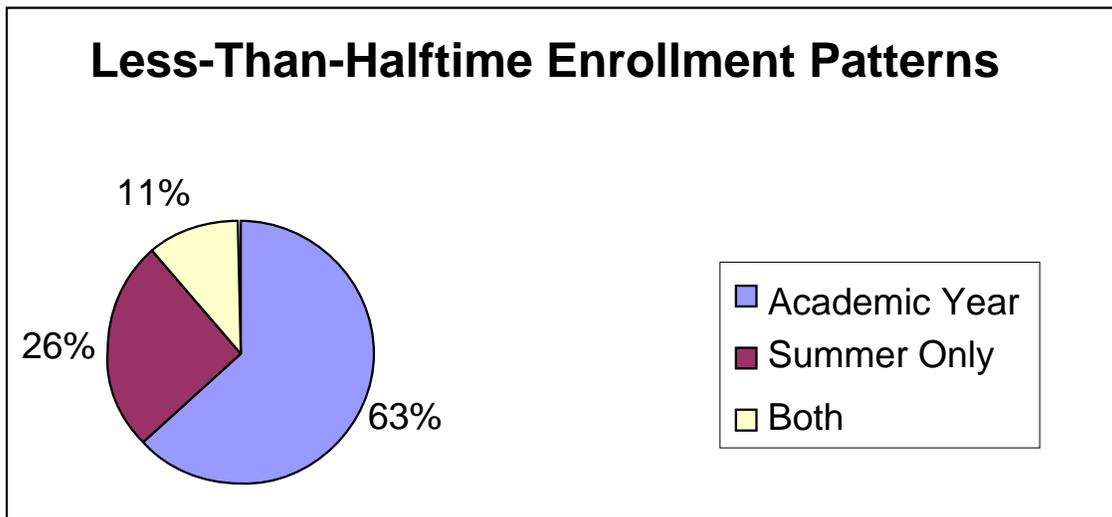
“It is a great help to lower-income working parents to receive financial aid if they are only able to attend one class per quarter. Some of us have to improve our lives one tiny step at a time, and the SNG for less-than-halftime students is a relief of the financial strain of attending college classes.

– Student Recipient, from survey of less-than-halftime SNG recipients

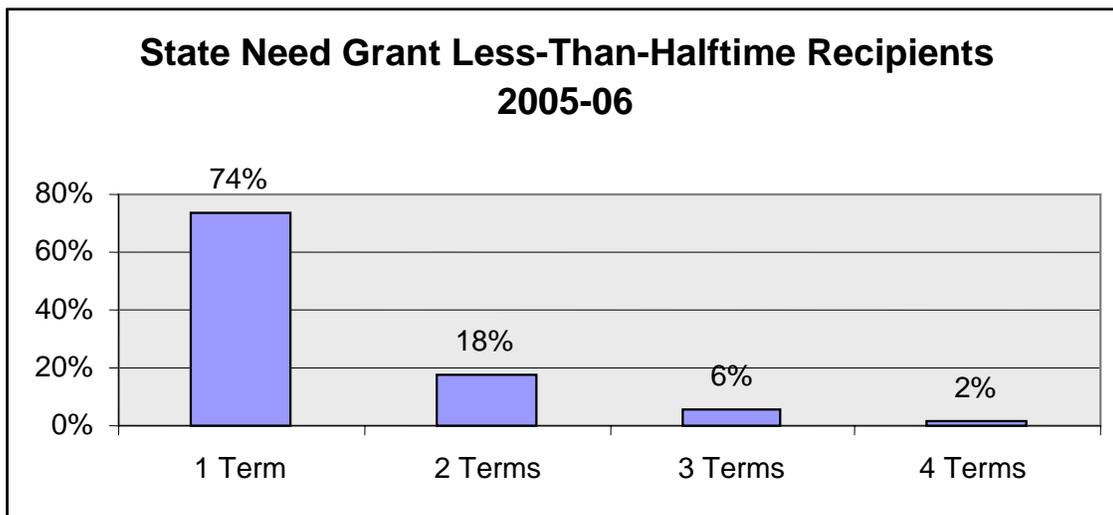
Enrollment Patterns

Although more than one-quarter of less-than-halftime served students attended summer, most enrolled during the regular academic year.

Of the recipients enrolled in the community colleges, 60 percent intended to transfer to a four-year institution, and 40 percent were pursuing a professional-technical program. About 26 percent took developmental credit-bearing courses under the 100 level that qualify for financial aid.



More than 82 percent of students who received the State Need Grant as a less-than-halftime student also were enrolled in another term or terms at a halftime or greater rate during the academic year. The majority who received a State Need Grant as a less-than-halftime student were in that status for only one term.



Other Financial Aid

Of the less-than-halftime students, 83 percent also received a Pell grant. Of those who only attended less-than-halftime (128 students), seven percent received institutional funds, compared to 30 percent of the entire SNG population. Of students who attended only less-than-halftime, six percent received workforce related funding, as compared to three percent of the entire SNG population.

“I am a single mother and work full time. I am very grateful for any financial aid that I receive. It really takes a little stress off and always seems to come at just the right time!”

– Student Recipient, from survey of less-than-halftime SNG recipients

Section IV: Policy Issues Identified

Higher Education Coordinating Board staff worked with financial aid directors and surveyed less-than-halftime State Need Grant recipients to identify policy issues that may need to be addressed to better serve this population. Topics included the examination of limitations within state and federal regulations that prevent equivalent, proportional funding of this population to that of full-time students.

1. Persistence vs. Efficient Progression

An overarching issue is whether or not a limit should be placed on the number of terms a student may receive the award while enrolled for less-than-halftime. This issue concerns how to best balance the use of less-than-halftime awards to help students who may temporarily find themselves in a situation that does not permit greater enrollment, with the state's general interest in encouraging the efficient progression of students toward a degree or certificate. A less-than-halftime student working toward a two-year degree would take 18 quarters to complete what would otherwise be a six quarter program; yet, we know there are many circumstances and barriers students face which require periodic less-than-halftime enrollment.

It is worth noting that for most students, enrolling at a less-than-halftime rate was a temporary occurrence. More than 80 percent of all less-than-halftime recipients enrolled for six credits or more sometime during the year. In other words, there are very few students who currently enroll for only four or five credits per term throughout their entire course of study. In addition, pilot school financial aid directors did not believe a limitation was necessary for this population.

Potential Solution: Progression

While a possible solution may be imposing a limit on the number of terms that a student can receive the award for less-than-halftime enrollment, there also are reasons not to impose an arbitrary limit. The board recognizes that students enrolled in short-term certificate programs, students with learning disabilities, or other students facing a variety of unique circumstances may need to enroll for fewer than six credits per term for an extended time period. In addition to recognizing that only a minority of recipients were enrolled exclusively at a less-than-halftime rate there is a general sense that schools counsel students to progress as efficiently and as quickly as their circumstances will permit.

Enrollment patterns of less-than-halftime students' will continue to be monitored and evaluated in subsequent years.

2. Matriculated into a Degree Program

During the first year of the pilot, some institutions identified an important issue that prevented them from serving otherwise eligible students. Federal and state financial aid regulations require students to pursue an eligible degree or certificate program. Students who are considered “non-matriculated” (not seeking a credential) are ineligible for funding. Pilot project financial aid directors reported that there are students who choose to enroll for one course in order to explore higher education and who may not be prepared to enter into a degree program. The issue was viewed as more likely to affect less-than-halftime students than full-time students.

Potential Solution: Matriculated Status

HECB staff responded to this issue early in the pilot project by providing safe-harbor guidance and updating SNG rules to allow students in the pilot to be in a non-matriculated status for up to one year. Financial aid directors found this guidance helpful, but believe that it assisted only a small number of students. Should the less-than-halftime pilot become a permanent feature of the SNG program, it was anticipated that this one-year exception would continue. The SNG pilot guidelines permit less-than-halftime attendance for one year for non-matriculated (non-degree-seeking) students. Specifically, the WAC (250-20-021(26) states: “Students otherwise enrolled in credit bearing coursework may receive the grant for up to one academic year before being accepted into a program that leads to a degree or certificate.”

3. Grant Award Amounts

The SNG award amount for students enrolled in four and five credits was determined following the same system for constructing award amounts used in the federal Pell grant system and the regular SNG award structure.

Awards by Credit Level:

4-5 credits	¼ of the maximum award amount
6-8 credits	½ of the maximum award amount
9-11 credits	¾ of the maximum award amount
12+ credits	maximum award amount

Grant amounts for all part-time students, including less-than-halftime students, represent a smaller percentage of each student’s tuition charges than for full-time students. Public sector tuition and fees are based on a 10-credit scale, while a full-time student aid award amount is based on 12 credits. Part-time students incur credit-by-credit charges while federal and state student aid awards are based on broader categories of enrollment statuses. For example a student in the “halftime” category could be enrolled for six, seven, or eight credits.

Thus, a student enrolled for five credits receives an award equal to one-quarter of the maximum, but pays about one-half of the tuition. By comparison, full-time student awards range from about 87 percent to 100 percent of the tuition cost, depending on the sector attended and the actual number of credits carried.

Pilot project financial aid directors believe that students at the less-than-halftime enrollment level deserve consideration to close the award-tuition gap.

Potential Solution: Award Amounts

HECB staff should engage in a review of part-time SNG award amounts and all other available aid sources. Adjustments to the award amounts would need to be for all part-time students not just less-than-halftime. Altering the SNG awarding structure would lead to significant administrative requirements on the part of institutions and the HECB. HECB staff would need one full academic year to work with institutions to review possible changes and to identify administrative issues. Time will be needed for schools to devise and implement system enhancements if a per credit award structure were to be established.

Aid administrators suggested that the HECB consider enhancing the award amounts for less-than-halftime students to include a supplemental “book allowance.” The student expense survey facilitated by the Washington Financial Aid Association (WFAA), as well as other data sources, could provide information on the average cost of textbooks and supplies for one course. Board staff estimates the cost to be approximately \$100 per term that could be added to the less-than-halftime award amount by sector.

“I wasn’t awarded enough funding until I received the SNG... once I received that, it helped me pay for books...”

– Student Recipient, from survey of less-than-halftime SNG recipients

4. Availability of Other Aid Sources

It is important to remember that the SNG is one of several funding sources – including the Pell grant and institutional grants and tuition waivers – that institutions attempt to package in an equitable manner to meet the broad needs of students.

The Pell grant is based on the Expected Family Contribution (EFC) calculated from information reported on the FAFSA. The Pell grant is reduced significantly as a student’s EFC increases. Part-time students have less grant eligibility as the cost of attendance lowers and the annual grant amount decreases. Of the less-than-halftime SNG recipients, 83 percent received Pell grants, compared to 93 percent of the total SNG population.

For students in the pilot project who enrolled only less-than-halftime, seven percent received institutional funds. This compares to 30 percent of the entire SNG population who received institutional funds. The majority of financial aid directors in the pilot project indicated an institutional priority to students enrolled halftime or greater. Some are reconsidering their institutional policies.

Nearly 40 percent of surveyed SNG recipients indicated they were not awarded enough funding as a less-than-halftime student, including other aid such as the Pell grant.

Potential Solution: Other Funding Sources

Public institutions are permitted to use their tuition waivers for students at any enrollment level. The HECB encourages aid administrators to review their awarding practices to provide equivalent institutional aid opportunities for less-than-halftime students.

“I had to pay more than what I was awarded.”

– Student Recipient, from survey of less-than-halftime SNG recipients

5. Three-Credit Courses

HB 1345 specifies the expansion of student eligibility for the SNG to “include students enrolled in four or five quarter hours or equivalent enrollment.” There are many courses, particularly in the professional-technical programs in the community and technical colleges that are offered for three credits. This has the effect of limiting student participation in all sectors, including community colleges. It could also exclude some students at private vocational institutions. The financial aid directors in the pilot project believe eligibility should be extended to three-credit courses.

Potential Solution: Three-Credit Courses

Based on this feedback, eligibility for the SNG should include students taking three-credit courses.

6. FAFSA Completion

The Free Application for Federal Student Aid is sometimes thought to be a barrier to low-income students who have need and who should apply for student aid. At least one school observed unwillingness on the part of some students to complete a student aid application for a small state award (\$194 dollars per quarter in a community college). In addition, sometimes there is a significant delay between the time a student completes a financial aid application and receives an award notification from the institution.

The survey of less-than-halftime SNG recipients provided them the opportunity to list challenges and barriers they encountered. About 20 percent of the students indicated that the FAFSA and student aid process was a significant challenge. About 80 percent did not list the FAFSA as a barrier.

At the same time, completion of the FAFSA is essential to marshalling the full complement of student aid resources for any low-income student. Given the importance of the FAFSA, aid administrators indicated a reluctance to deviate from the standard application and needs analysis process.

Potential Solution: First Disbursement Permitted Prior to Completion of the FAFSA

Because only a minority of students encountered problems with the FAFSA and student aid process, a potential solution would be to permit aid administrators, when needed, to make an immediate “first disbursement” to a student who has not completed the FAFSA and accompanying needs analysis. If the aid administrator encounters a situation needing special attention, the administrator could make the first disbursement based on a verification of residency, income, and a reasonable belief that the student will continue to demonstrate need once the FAFSA is completed. The full FAFSA and needs analysis process would have to be completed before a second disbursement could be made.

7. Student Budget Limitations for Less-Than-Halftime Students

Prior to July 1, 2006, the cost of attendance for a less-than-halftime student did not include an allowance for room and board costs. This limitation reduced each student’s “need” (from what it would be with room and board expenses) and lowered the potential SNG eligibility; particularly for students who received the Pell grant. While the room and board exclusion was a federal regulation, not a state mandate, institutional systems did not allow for maintaining separate student budgets for individual funding sources.

However, the federal Higher Education Reconciliation Act that recently went into effect gives institutions the option of including a room and board component in the cost of attendance for a less-than-halftime student for up to three semesters or the equivalent, but no more than two of those may be consecutive. Most pilot aid directors did not choose to change their previous practice for the 2006-07 year, due to the monitoring requirement of consecutive terms.

Potential Solution: Student Budgets

If the SNG less-than-halftime project becomes a permanent feature of the program, federal and state regulations will be in closer alignment. The HECB encourages financial aid directors to take advantage of the new federal flexibility whenever possible.

Cost Estimates

Two “universal” measures of eligibility are used to make the cost projections common to all schools. The measures are the 2005-06 Unit Record Report (URR) and the 2005-06 Pell grant. Both measures were modified by the actual experience of the pilot schools.

The Unit Record Report is the comprehensive annual report submitted by each school of all need-based aid that is received by each student. The URR gathers the basic elements that make up each student’s SNG eligibility, i.e., residency status, enrollment level, undergraduate status, “need,” and family income.

The Pell grant is the major federal student aid program for low-income students. Pell eligibility criteria are the same regardless of school or sector attended. Most SNG recipients are also Pell grant recipients.

The cost is projected by first calculating the overall number of potentially eligible students using both measures. The number of potentially eligible students at each pilot school was then compared to the actual number of SNG eligible students as reported by the school on the end-of-year reconciliation report.

In every case, the number of actual eligible less-than-halftime students was lower than the number of potentially eligible students using the two universal methods. This difference was then extrapolated for the entire sector.

The number of eligible students was multiplied against the average maximum 2006-07 award amount, for each sector. No allowance was assumed for future tuition and fee increases or changes to grant amounts.

Both methods resulted in similar cost estimates. The estimated total cost of serving all SNG eligible less-than-halftime students for one year is between \$900,000 and \$1.1 million. Assuming that additional students may be encouraged to enroll in higher education as a result of this benefit, the costs may reasonably be expected to increase by 25 percent, to about \$1.4 million per year.

Estimates based on Unit Record

Using the URR, the overall less-than-halftime population of Washington resident undergraduate students appears to be about 9,700 students. This does not, however, provide perfect information about SNG eligibility. Based on information submitted by the pilot schools the actual number of eligible students is more likely to be around 4,000.

This difference can be attributed to several reasons. While a student may meet the basic eligibility criteria according to information on the URR, the report does not identify students who may be ineligible due to an unsatisfactory progress status or other conditions that would only be known by the institution.

Also, the student's less-than-halftime status is reported as an enrollment level; the actual number of enrolled credits is not reported. A student enrolled for two or three credits is in the same enrollment category as a student who is enrolled for four or five. In addition, schools often report the enrollment hours the student earned at the end of the term, rather than their attempted enrollment at the start of the term.

The URR count can be improved by comparing it to the actual count of SNG eligible less-than-halftime students at the pilot institution as reported on the 2005-06 reconciliation report. This comparison allows the HECB to calculate a "factor" that better reflects real eligibility levels.

Less-Than-Halftime Cost Estimates Using Unit Record as the Indicator

Sector	Estimated SNG eligible headcount	SNG Eligible FTEs (adjusted based on pilot school reports)	Projected 2006-07 Average Award Amount per FTE	Estimated SNG Costs
CTCs	2,516	248	1,983	491,867
Private 4 Yr	164	16	5,077	81,940
Public Comprehensive	334	33	3,476	114,412
Public Research	518	51	4,515	230,720
Total	3,531	348	--	918,939

Notes:

- The FTE reduction percentages are: CTCs = 49.3 percent, 4 yr = 44.8 percent.
- The max grant reduction percentages are CTCs = 81 percent, 4 yr private= 94.1 percent, 4 yr public = 87.6 percent.

Estimating eligibility using the Pell Grant Report

The federal Pell grant represents a relatively constant and uniform measure of student eligibility that spans individual institutions and sectors. About 83 percent of less-than-halftime students are Pell grant recipients. The Pell grant as a proxy for SNG eligibility can be improved by calculating the factor by which less-than-halftime SNG recipients received the Pell grant.

Less-Than-Halftime Cost Estimates Using Pell Grant as the Indicator

Sector	Estimated SNG eligible headcounts	SNG Eligible FTEs (adjusted based on pilot school reports)	Projected 2006-07 Average Award Amount per FTE	Estimated SNG Costs
CTCs	2,880	284	1,983	563,172
Private 4 Yr	203	20	5,077	101,540
Public Comprehensive	416	41	3,476	142,522
Public Research	639	63	4,515	284,421
Total	4,138	408	--	1,091,655

Notes:

- The FTE reduction percentages are: CTCs = 56.4 percent, 4 yr = 55.6 percent.
- The max grant reduction percentages are CTCs = 81 percent, 4 yr. private= 94.1 percent, 4 yr public = 87.6 percent.

Recommendations

Based on the data collected during the pilot project, analysis of other states' need grant program eligibility and feedback from financial aid directors and students, the board recommends extension of the State Need Grant program to less-than-halftime students as a permanent feature of the program.

Student Demand

The 2005-2006 Unit Record Report indicates more than 9,700 students who received aid while enrolled less than halftime. About 7,400 students appeared to be potentially eligible for the SNG, however, when adjusted based on pilot school data, the number is reduced to approximately 3,500 to 4,000 eligible students.

The nine pilot institutions identified more than 800 eligible students in the first year. The nine pilot financial aid directors expressed their support to continue the SNG less-than-halftime as a permanent feature of the program.

Student Needs

More than 36 percent of respondents to the SNG less-than-halftime recipient survey indicated work hours kept them from enrolling in more courses. Other common reasons included family obligations, childcare, and costs associated with higher enrollment. The feedback from the survey of SNG less-than-halftime recipients addressed to the positive impact this award made for students.

Recommendations

The board finds there is a need to extend State Need Grant eligibility to students enrolled less-than-halftime. Specifically, the board recommends:

1. Amend the State Need Grant statute (RCW 28B.92.080[3]) to make less-than-halftime enrollment a permanent feature of the SNG program. Do not create a separate program.
2. Do not place a limitation on the number of terms a student may receive the grant while enrolled less-than-halftime. Continue to monitor enrollment patterns of less-than-halftime students in subsequent years.
3. Continue the one-year exception to the matriculation requirement for State Need Grant recipients enrolled less-than-halftime.
4. Conduct a study of SNG award amounts for all part-time students in collaboration with sector financial aid administrators. Include the concept of a book allowance that might be available only to less-than-halftime students. Examine institutional administrative issues involved in any proposed change.

5. Amend the statute for the public schools' Institutional Financial Aid Fund (RCW 28B.15.820[2]) - also known as "the 3 and a half percent funds" to permit awards to less-than-halftime students.
6. Amend the State Need Grant statute (RCW 28B.92.080[3]) to permit three-credit courses to be eligible for SNG awards rather than the current four-credit minimum used in the pilot project.
7. Encourage institutions to review awarding policies to provide equivalent opportunities to access institutional aid - such as tuition waivers - as is provided to halftime and greater students.
8. Permit aid administrators, at their discretion, to make the initial SNG payment to less-than-halftime students based on the school's documentation of residency, income and resources. Make this a permanent feature and expand it to all students, regardless of their enrollment status. Require that subsequent payments not be made until the FAFSA and regular needs analysis has been completed and income has been verified.

CERTIFICATION OF ENROLLMENT
SUBSTITUTE HOUSE BILL 1345

59th Legislature
2005 Regular Session

Passed by the House April 18, 2005
Yeas 95 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 13, 2005
Yeas 42 Nays 2

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1345** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

Secretary of State
State of Washington

SUBSTITUTE HOUSE BILL 1345

AS AMENDED BY THE SENATE

Passed Legislature - 2005 Regular Session

State of Washington 59th Legislature 2005 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Hasegawa, Kenney, Takko, Sells, Jarrett, Roberts, Ericks, Haler, Williams, Moeller, Appleton, Morrell, McCoy, Dunn, Kagi, McDermott, Santos and Chase)

READ FIRST TIME 03/07/05.

1 AN ACT Relating to eligibility for state financial aid for part-
2 time students; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The higher education coordinating board
5 shall develop a pilot project for the 2005-2007 biennium to assess the
6 need for and funding requirements that would be necessary to expand
7 student eligibility for the state need grant program to include
8 students enrolled in four or five quarter hours or equivalent
9 enrollment. Under the pilot project, students attending participating
10 higher education institutions and enrolled in four or five quarter
11 hours or equivalent enrollment shall be eligible for the state need
12 grant as long as they also meet the other eligibility criteria for the
13 program.

14 (2) The higher education coordinating board shall select up to ten
15 colleges and universities to participate in the pilot project developed
16 under subsection (1) of this section. The higher education
17 coordinating board shall require, at a minimum, that eligible
18 institutions are participants as of the 2005-06 academic year in the

1 state need grant program. Colleges, including both community and
2 technical colleges, and universities may apply to participate based on
3 the criteria developed by the board.

4 (3) The higher education coordinating board shall report to the
5 higher education committees of the legislature by December 2006, on the
6 results of the pilot project. The report shall include, at a minimum,
7 the dollar amounts disbursed through the pilot project according to
8 which institutions the students attended, geographic and demographic
9 analysis of the participating students, an assessment of need for the
10 program, including the number of students served, the number of
11 students unserved, and estimates of costs for a permanent statewide
12 program.

13 (4) The pilot project shall begin in the fall 2005 academic term
14 and expire June 30, 2007.

--- END ---

- 3) If there is no other office or project on your campus that you would connect with, do you plan to include some form of outreach to eligible low-income students who can benefit from the availability of SNG funds for less-than-halftime enrollment? _____ Yes _____ No

If yes, please briefly describe the outreach you propose to perform.

- 4) If you are selected as a participant, is there a minimum amount of funding needed in order for you to successfully participate in the project? _____ Yes _____ No

If so, how much _____? (please keep in mind that there is only \$250,000 to divide among the participating schools)

Also attached is a July 26, 2005 email that provided additional information on some of the operational procedures for the pilot.

Please return this by email to Julie Japhet at the board (juliej@hecb.wa.gov) by September 14th, 2005. If you have questions or need additional information please contact John Klacik at 360-753-7851 or me at 360-753-7840.

Thank you.

Gene J. Colin
Chair

James E. Sulton, Jr. Ph.D.
Executive Director



STATE OF WASHINGTON

HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way • PO Box 43430 • Olympia, WA 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • www.hecb.wa.gov

**State Need Grant
Less-Than-Halftime Pilot Project
Survey of Institutional Participants
Fall 2006**

Greetings Pilot Participants:

To assist us in preparing for the October 19th meeting and the upcoming legislative report, we are asking pilot project participants to complete and return the attached survey on the Less than Half Time Pilot Project. As most of you are aware, SHB 1345 charges the Higher Education Coordinating Board with submission of a legislative report on the Less than Half Time Pilot Study, due by December 1, 2006. The report will include the expenditures to date for each school, a description of student participants and an assessment of the need for and projected cost of a full program.

Please complete the attached survey and return it to me as soon as possible. If you have any questions, please contact me at (360) 753-7840 or juliej@hecb.wa.gov.

Thank you in advance for your cooperation,

Julie Japhet
Operations Manager
Student Financial Assistance

Survey Questions

Institution name: _____

- 1) Do you anticipate being able to expend your 2006-07 Less Than Half Time Pilot Project reserves? ___Yes ___No

- 2) Please describe the efforts your institution made to promote the Less than Half Time Pilot Project.
 - a. If your promotional efforts targeted a certain type or category of students, please describe them.

 - b. In your estimation, how effective were your promotional efforts?

- 3) Which of the following types of State Need Grant (SNG) eligible students do you feel are being served by this pilot project? Estimate the percentage that each category represents. (Note: the percentages do not have to total 100%)

Percentage

Previously enrolled students moving slowly through programs?

Students who need to enroll for less than six credits for a term or two?

Working adults whose employment only allows for a less-than-halftime enrollment?

New students who may be exploring college options?

Others? Please describe.

4) Barriers to participation.

- a. Did you find that there were barriers to participation for your target population?
___Yes ___No
- b. If so, please describe the barriers (for example, FAFSA completion, insufficient SFA package, unanticipated costs) and potential solutions to these barriers.

5) Institutional aid/tuition waivers.

- a. Did your school routinely make tuition and fee waivers or any other form of institutional aid available to less-than-halftime students? ___Yes ___No
- b. If not, why?

6) Student recruitment.

- a. What is the minimum award amount that you feel would enable/encourage a prospective SNG eligible student to take a course at your institution?
\$_____
- b. What categories of expenses need to be covered by this award?

7) Currently, only those students enrolled for four and five credits qualify for the less than halftime award.

- a. Should eligibility be extended to students enrolled for three credits, similar to their eligibility for Pell grant? ___Yes ___No
- b. Do you offer three credit courses at your institution? ___Yes ___No

8) Did the “safe harbor” letter and SNG rules change, which allow non-matriculated students within the pilot project to be eligible for SNG, assist you in serving a broader population of students? ___Yes ___No

- a. If you answered yes, do you think the one-year limit on this status is sufficient?
___Yes ___No
- b. If you answered no, is this exception needed? ___Yes ___No

9) Did you adjust your four and five credit student's costs of attendance to more fully recognize the needs of students as permitted by the federal regulations that went into effect on July 1, 2006? ___Yes ___No

a. If so, did this change increase eligibility for students? ___Yes ___No

b. If not, do you anticipate doing so in the future? ___Yes ___No

10) In your opinion, should serving the 4 and 5 credit student population become a permanent part of the SNG program? ___Yes ___No

11) Please share your overall perspective on the pilot and other thoughts or insights that you have about this becoming a permanent feature of the SNG program.

12) Please share your suggestions for improvement relevant to process and/or policy.

Gene J. Colin
Chair

James E. Sulton, Jr. Ph.D.
Executive Director



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September 29, 2006

NAME
ADDRESS
CITY, ST
ZIP

Dear NAME:

As a student who received the Washington State Need Grant, your feedback is invaluable. We would appreciate your completing a short web-based survey to help us evaluate the effectiveness of grants to students enrolled less than half-time. Please log onto our web site at www.hecb.wa.gov/SNGSurvey and click on "SNG Survey". We appreciate your responses by **October 20th**.

We administer the Washington State Need Grant program. Our records indicate you have received the State Need Grant (SNG) while enrolled for four or five credits at some point during the last year (2005-2006). We would like to know some general information about the students who received this part-time grant, in order to better describe your needs to the legislature.

Background

The 2005 legislature authorized a two-year pilot project that allowed students who enroll for four or five credits a term to be eligible to receive the SNG. Previously, students enrolled for less than six credits have been ineligible. The pilot is being conducted at nine colleges: Clark College, Columbia Basin College, Highline Community College, The Evergreen State College, Pacific Lutheran University, Peninsula College, South Puget Sound Community College, Spokane Community College, and Spokane Falls Community College.

Survey

The survey contains just seven questions. All responses are anonymous

Thank you for assisting us to provide accurate information to the legislature about the needs of students in our state. Our report to the legislature will be available on our website in December (www.hecb.wa.gov). If you have any questions about this request, please contact Rachelle Sharpe at 360.753.7872 or by email at rachelles@hecb.wa.gov.

Sincerely,

Rachelle Sharpe
Program & Policy Analyst

Gene J. Colin
Chair



James E. Sulton, Jr., Ph.D.
Executive Director

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RESOLUTION NO. 06-34

WHEREAS, The Legislature through SHB 1345 authorized the board to conduct a pilot project using the State Need Grant program to deliver financial aid to less-than-halftime students; and

WHEREAS, With the assistance of nine colleges, the board implemented the pilot in the 2005-06 year; and

WHEREAS, The pilot has provided valuable information about the needs of students, institutional and staff administrative challenges, and the cost of extending the program to all eligible less-than-halftime students statewide; and

WHEREAS, The legislature requires a report on the project by December 2006;

NOW THEREFORE BE IT RESOLVED, That the Higher Education Coordinating Board adopts the staff report with eight recommendations on the Washington State Need Grant Less-Than-Halftime Pilot Project and authorizes staff to convey the report to the Legislature.

BE IT FURTHER RESOLVED, That the Board urges the Legislature to amend the appropriate statutes to:

1. Make the less-than-halftime student eligibility standard a permanent feature of the State Need Grant program (RCW 28B.92.080 [3]).
2. Permit three-credit courses to be eligible for State Need Grant awards rather than the four-credit minimum in the pilot program (RCW 28B.92.080[3]).
3. Permit awards to less-than-halftime students from the public Institutional Financial Aid Fund (RCW 28B.15.820 [2]).

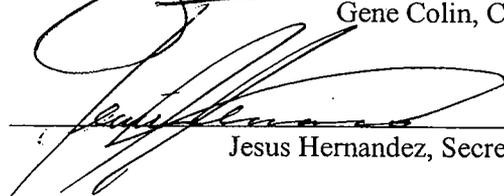
Adopted:

November 2006

Attest:



Gene Colin, Chair



Jesus Hernandez, Secretary