

State Need Grant Policy Review

**Washington Student Achievement Council
Meeting**

November 14, 2012

- **Historic commitment** over prior 40 years to funding SNG to hold served lowest income students harmless against tuition increases even during the great recession.
- **Unprecedented enrollments** of needy students and the highest levels of eligible but unserved students ever.
- **Legislature** requested two studies regarding student outcomes.
 - Washington State Institute for Public Policy (2012, 2013)
 - Washington Student Achievement Council (2014)
- **Continual evaluation** required by program statute.

- Financial aid administrators, key stakeholders and legislative staff convened monthly April to September
 - Examined existing policies and offered proposals to provide more equitable opportunity to eligible students across sectors
 - Reviewed 10 other states with similar programs
 - Reviewed position papers and proposals submitted by each sector
 - Evaluated program history and student trends
 - Examined SNG awarding and eligibility
 - Developed a set of preliminary recommendations

State Need Grant OVERVIEW

Context for Review

- State appropriations to institutions have been drastically reduced.
- Public tuition has increased by 151% since FY 2000.
- Public institutions were provided tuition setting authority and are now required to provide targeted student aid.
- Washington is ranked 3rd among states in its commitment to need-based aid.
- 2011-12 FAFSA applications increased 61% in four years – for a total of 519,000.
- Several federal programs have been eliminated or have had eligibility changes.
 - Academic Competitiveness Grant & SMART Grant
 - Leveraging Educational Assistance Program

Program History

- Created in **1969** and legislative intent to offset tuition for low-income students affirmed in **1976**
- Non-profit private participation since beginning and for-profit institutions authorized in **1980**
- Variable grant amounts reflecting cost of attendance in **1988**
- Part-time students authorized in **1989**
- In response to federal changes, use of median family income (MFI) used as eligibility in **1993**
 - Fluctuates via budget process from 40% in 1996 to 70% in 2007
- Awards based on tuition rates as of **1998**

- 1988** *HECB Review as part of Master Plan*
- 1996** *Student Financial Aid Policy Advisory
committee*
- Student Financial Aid and the Persistence of
Recipients at Washington Colleges and
Universities (Lee & St. John)*
- 1998** *HECB Washington State Need Grant Program
Policy Study*

2009 – Expanded award MFI categories to five

- Students in 0-50 MFI eligible for maximum award, in 51-55 MFI eligible for 70%, in 56-60 MFI eligible for 65%, in 61-65 MFI eligible for 60% and in 66-70 MFI eligible for 50% of the maximum award

2010-11 – Program received mid-year cut of \$25 M

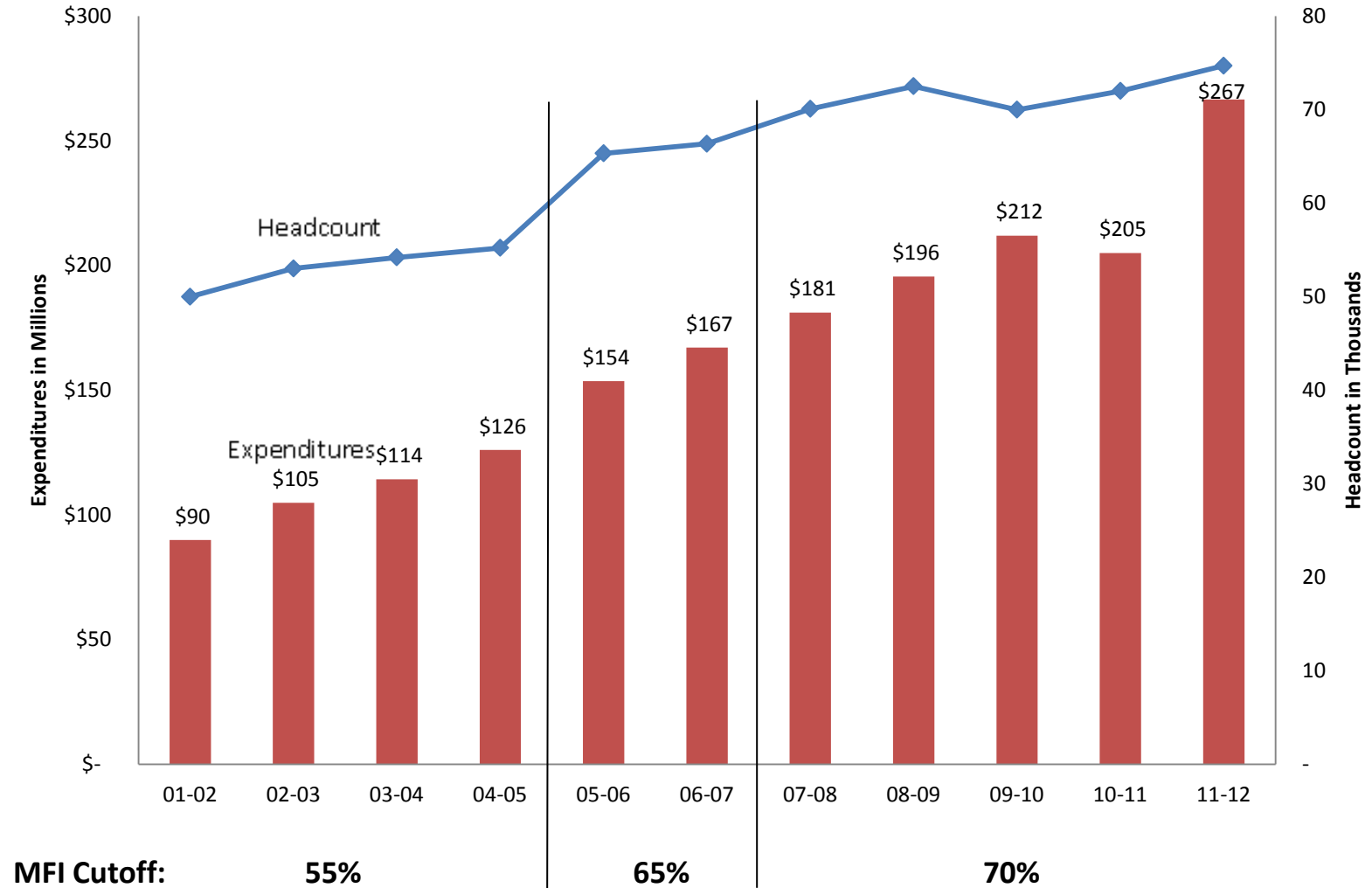
- Public institutions required to offset the reduction

2011-13 – Budget reduced private awards

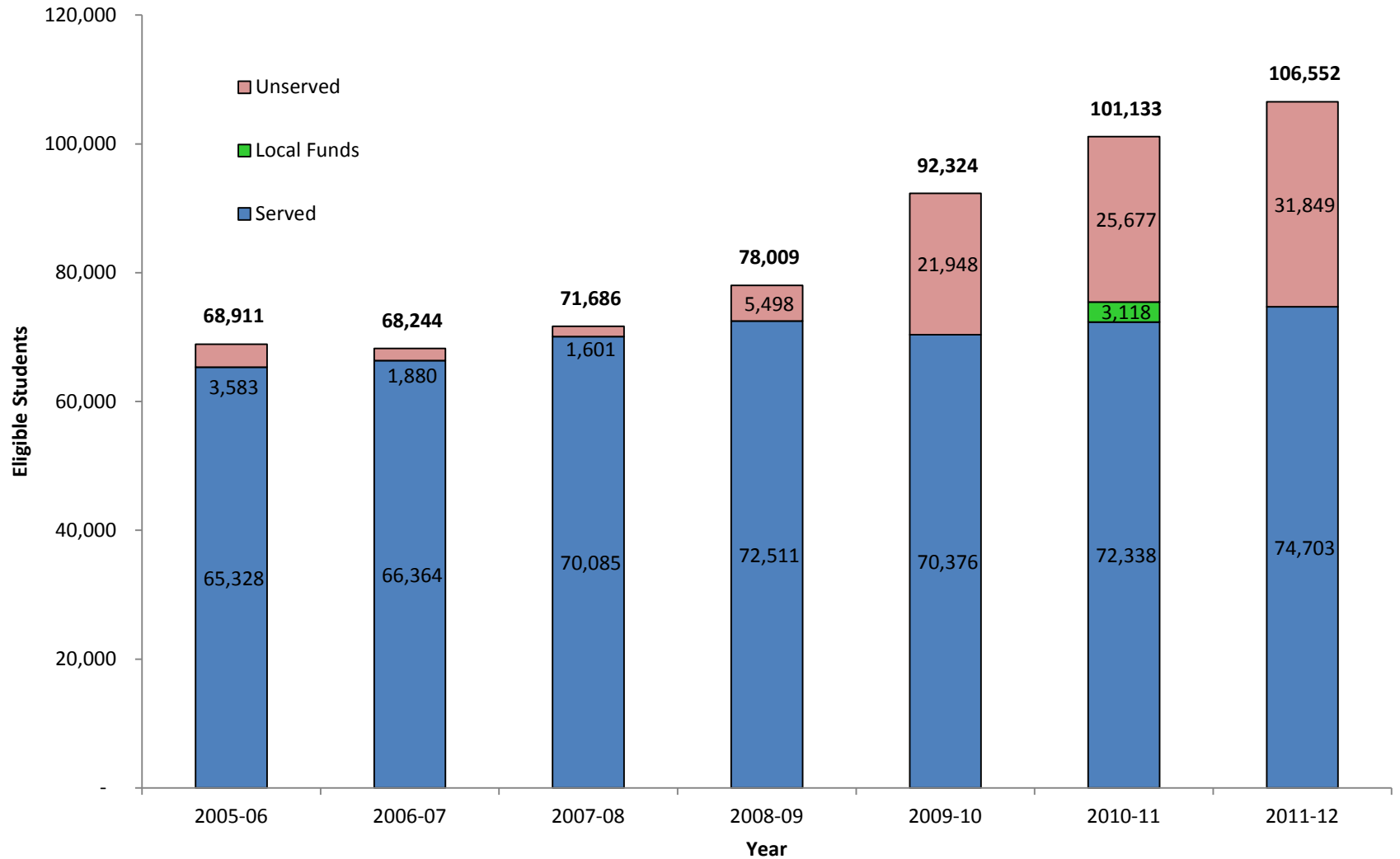
- Limited the growth rate to 3.5% rather than tie to public sector tuition
- New for-profit student awards further reduced by half

Funding Tied to Tuition

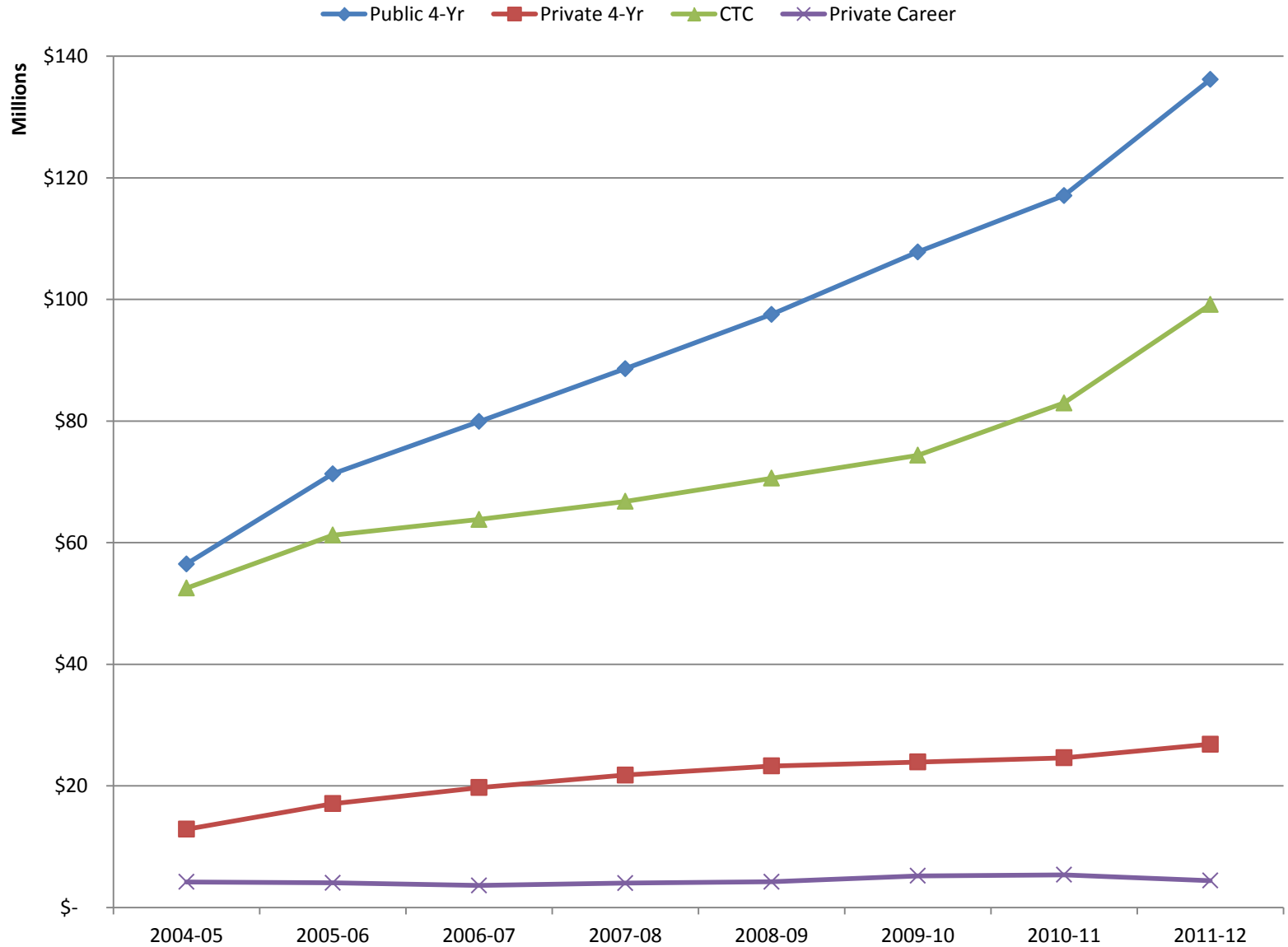
SNG Headcount and Expenditure History



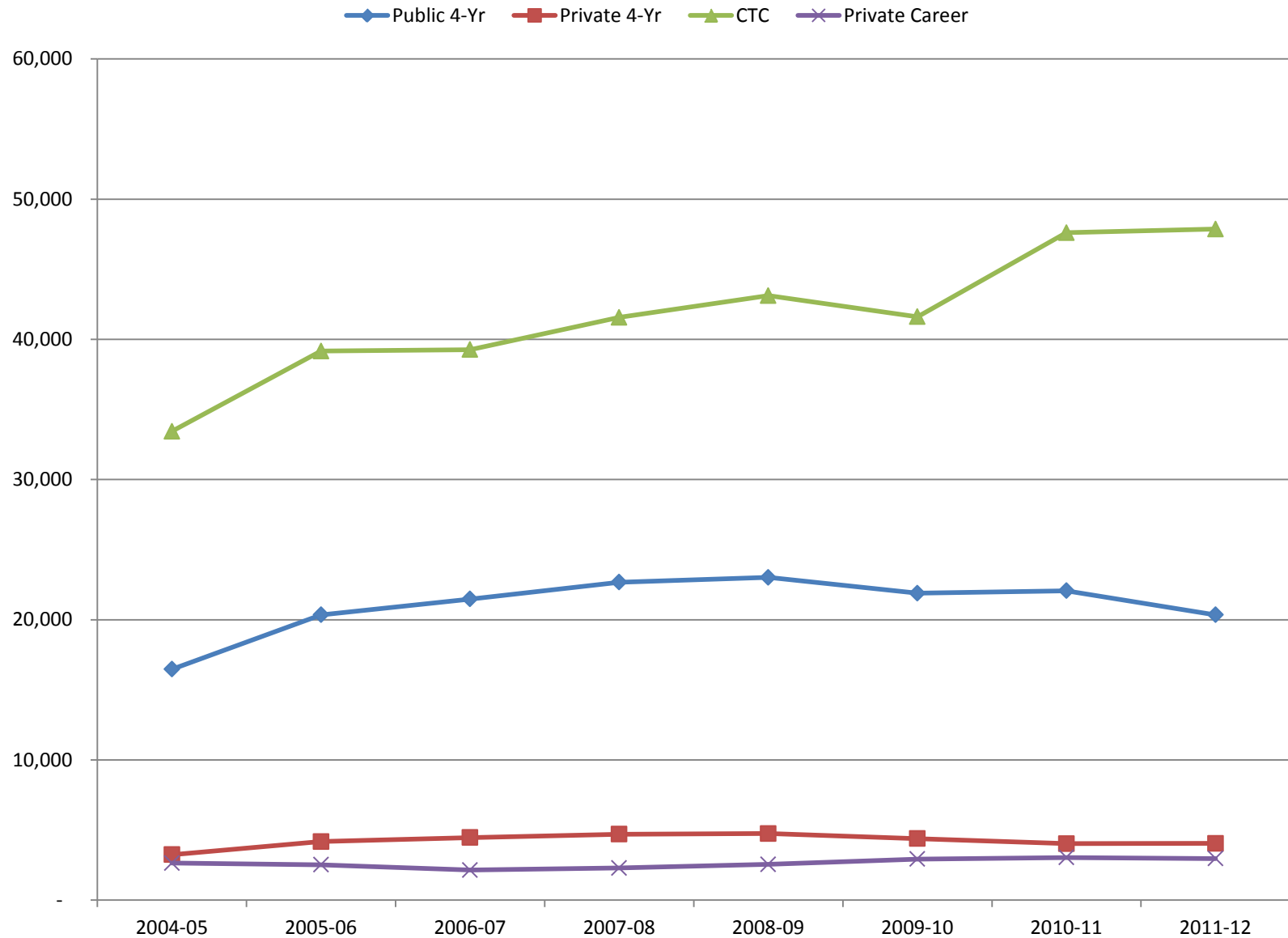
Eligible Population Expanded



Tuition Drives Funding to Four-Year Campuses



Yet "Fair Share" Formula Follows Student Enrollments



Recipient Profile

- 75,000 students attending 68 institutions
- Most are financially independent
- About 1/3 have children
- 84% were in the lowest income category
- 72% enrolled full-time
- 59% are female
- 41% are students of color

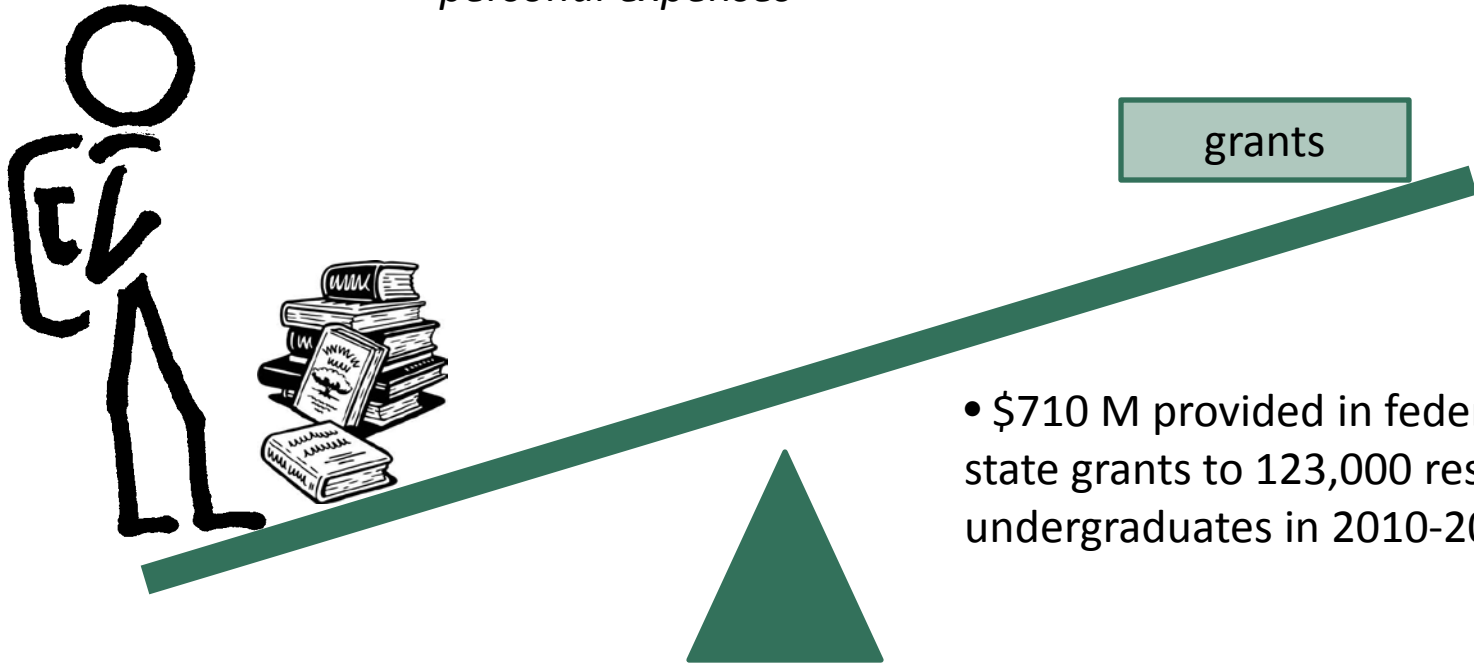


**State Need Grant
AWARDING & ELIGIBILITY**

Aid Provides Opportunity

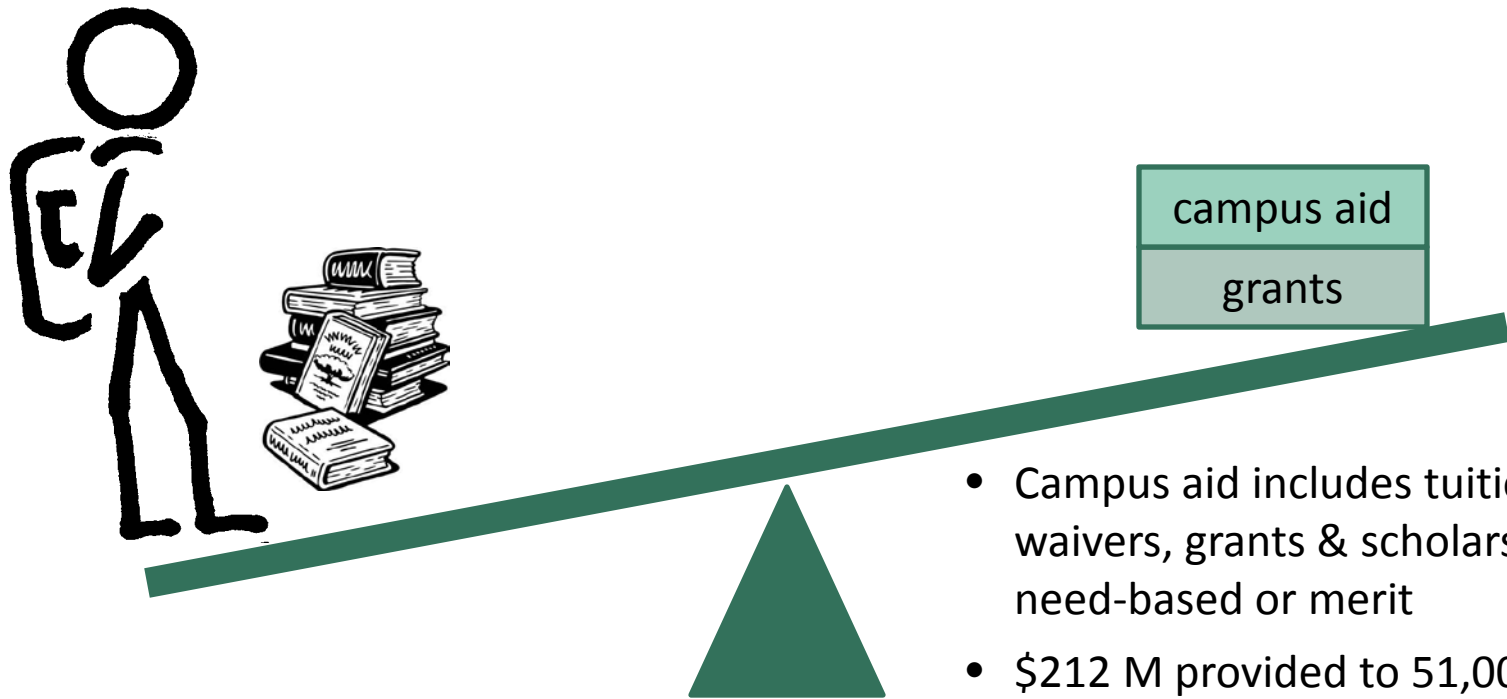
Cost of Attendance

tuition & fees
books & supplies
room & board
personal expenses



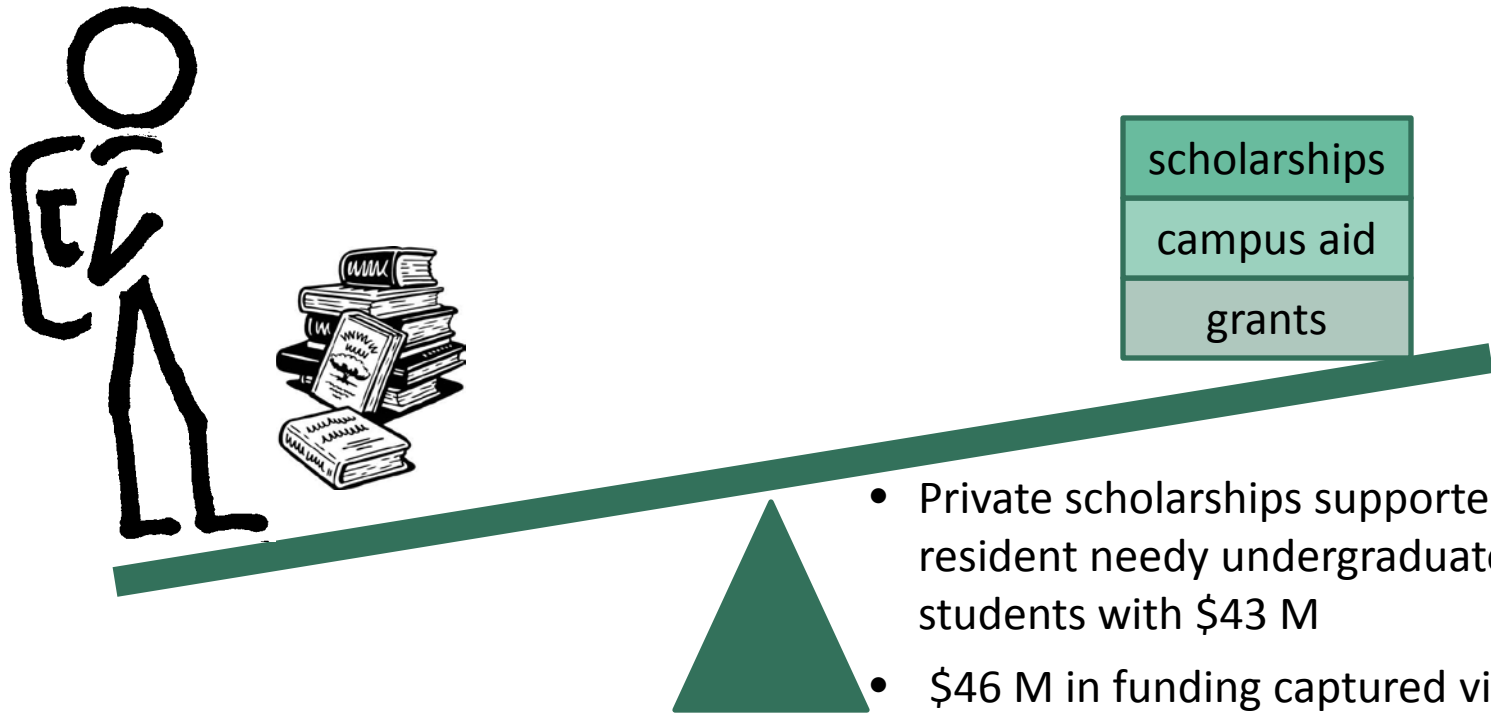
- \$710 M provided in federal and state grants to 123,000 resident undergraduates in 2010-2011

Aid Provides Opportunity



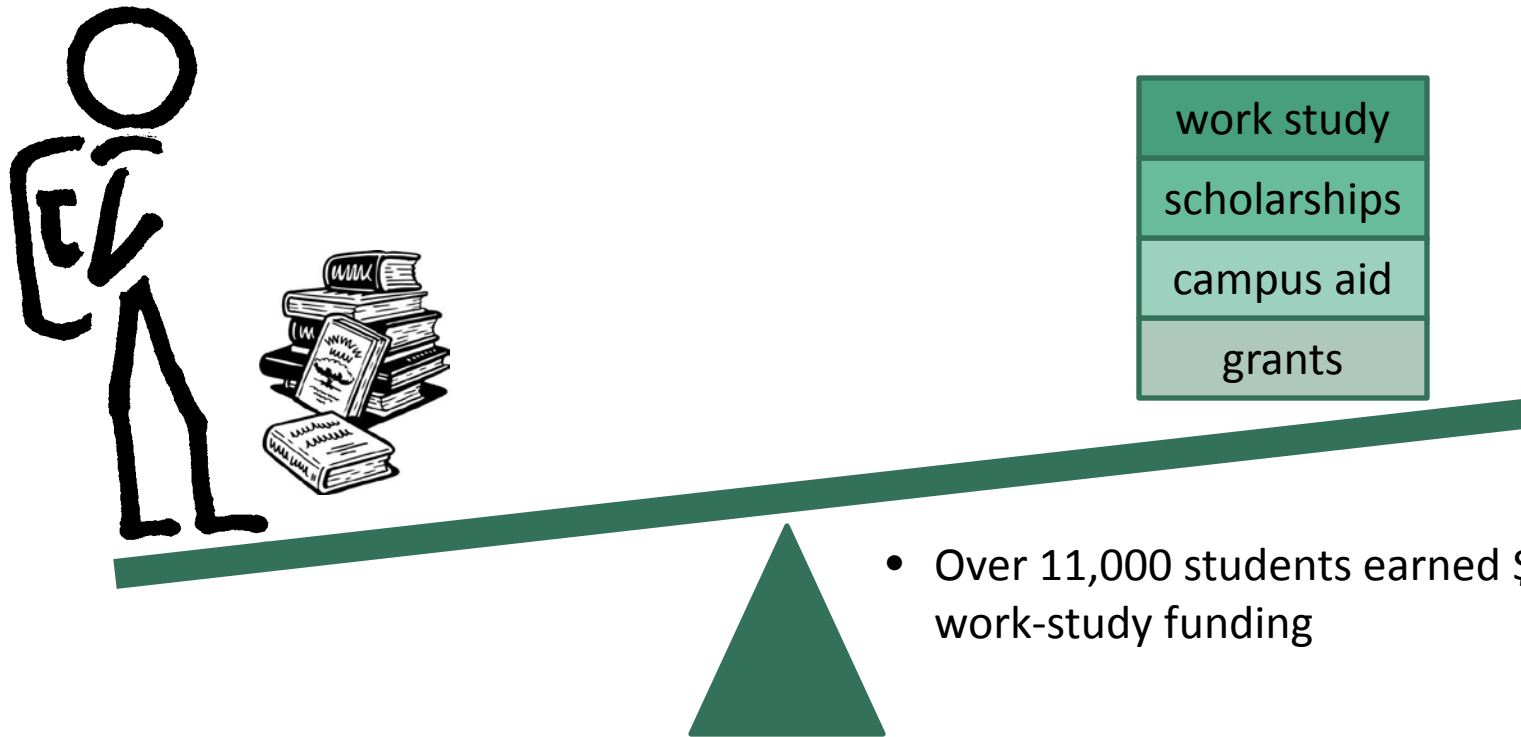
- Campus aid includes tuition waivers, grants & scholarships – need-based or merit
- \$212 M provided to 51,000 students

Aid Provides Opportunity

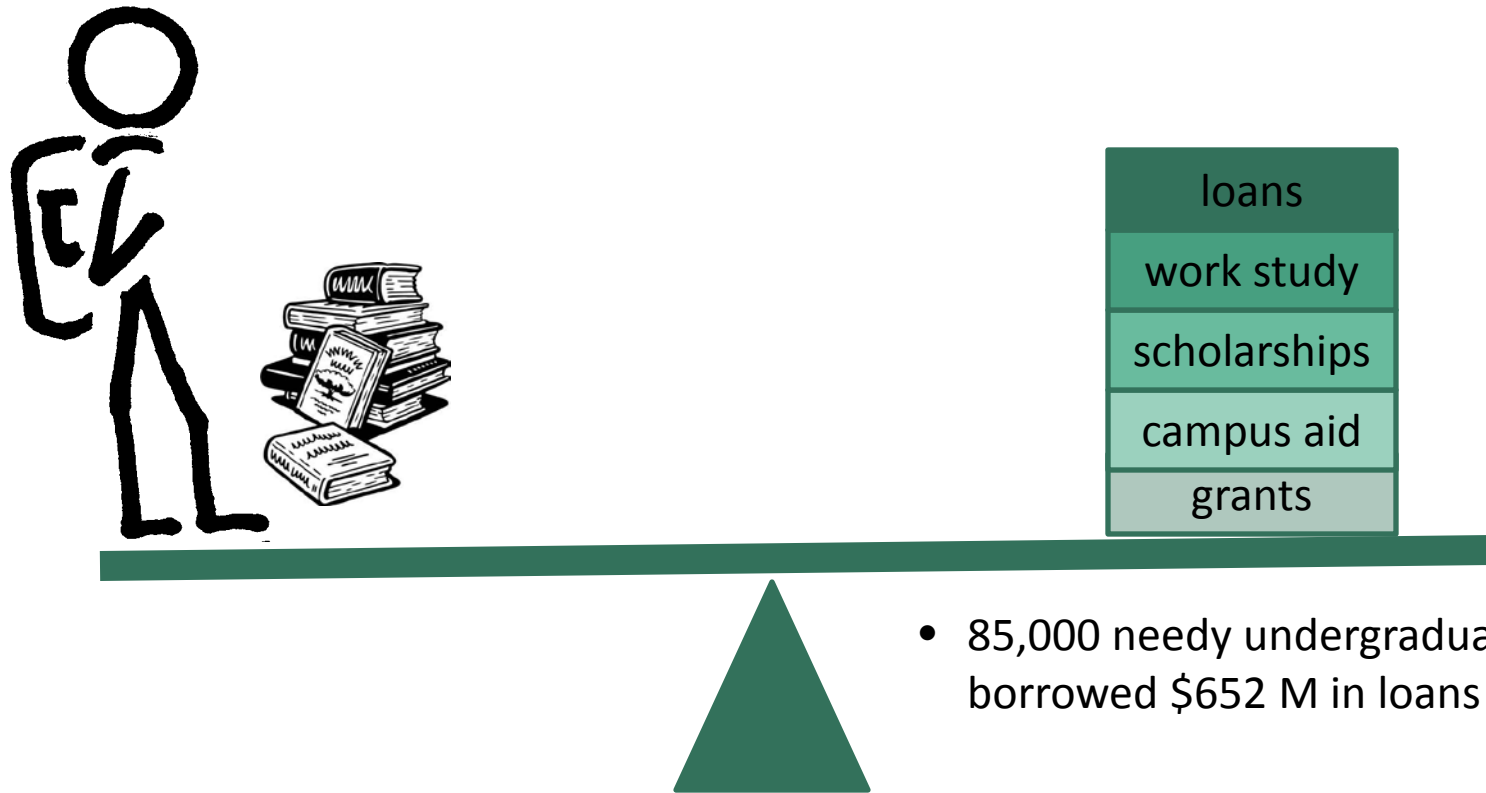


- Private scholarships supported 13,800 resident needy undergraduate students with \$43 M
- \$46 M in funding captured via theWashBoard.org in 2011-12

Aid Provides Opportunity



Aid Provides Opportunity



- 85,000 needy undergraduates borrowed \$652 M in loans

SNG Awarding

- State Need Grant is “**decentralized**” – campuses identify eligible students and determine award amounts based on state level policies
- **Maximum awards** determined by legislative budget process based on public tuition and MFI
- SNG **combines with other aid** and family contribution to cover Cost of Attendance
 - Tuition/fees, books, living, personal and misc. expenses
- **Campuses prioritize** – often to lowest income and often limit the portion of the budget offered as gift aid
- SNG has a “**self-help**” requirement – defined as 25% of the cost of attendance or a work calculation – met through loans, work, unmet need or scholarships

SNG Combines with Other Aid

- SNG combines with federal, institutional and private aid to support students in meeting educational expenses
- Only 2% of recipients receive only SNG

	PELL	Other Grant Aid	Institutional Outside Aid	Student Loans	Work Study
All Percentage	95%	43%	53%	57%	14%
All Averages	\$5,110	\$1,267	\$4,096	\$7,093	\$2,703

- The portion of need covered by aid type differs for served vs. unserved and by sector
 - Unmet need is higher for unserved, particularly for the CTC and research sectors
- The average annual loan debt is lower for served students vs. unserved, regardless of sector or MFI range

Student Eligibility

- MFI set by the legislative budget process – currently 70% of MFI - \$57,500 for a family of 4.
- Students must demonstrate financial need.
- Students must be resident undergraduates.
- Students must maintain satisfactory academic progress.
 - Complete min. credit hours and meet GPA.
 - Students who withdraw early owe repayment.
- Students cannot owe a repayment to federal or state programs.

- Federal simplification leads to ignoring family assets for some students.
- About \$5 million in SNG provided to students with more than \$100,000 in assets.
- The Workgroup recommends consideration of family assets to verify the student has need-based eligibility prior to awarding SNG
 - Use of “secondary EFC” prior to awarding

Other States & Sector Positions

- **68 institutions** - 40 public and 28 private
 - 17 private four-year institutions (2 are for-profit)
 - 11 private two-year institutions (2 are non-profit)
- **For-profit** institution performance **data reviewed** annually for continued participation.
 - Completion and placement rates
 - Enrollments and loan default rates
 - Fiscal data and standing with U.S. Dept. of Education and accrediting body
- Rigorous review of **new campus applications** to participate in SNG

- All are tied to tuition or cost of attendance
- Two are entitlement programs – most reduce awards or students if funding is limited
- Eligibility varies including tie to Pell Grant or other aid
- Several rely on lottery funding
- Six are centralized (state selects students)

- **Independent Colleges of Washington**
 - Coordinate with Pell to serve more students
 - Tie private awards to public research
 - Report student outcomes
- **Council of Presidents**
 - Increase campus flexibility in packaging SNG
 - Evaluate WSIPP results prior to major change
- **State Board for Community and Technical Colleges**
 - Examine ability to benefit, self-help, and 2nd AA restriction
- **Northwest Career Colleges Federation**
 - Restore award amounts to value of public sector awards

Preliminary Policy Considerations & Next Steps

Discussion

- Overarching goal should be to serve all eligible students well.
- Despite statewide goal, campuses are prioritizing to the lowest income students.
- Consideration of non-tuition costs should continue.

Policy Options

- Permit campuses to reduce grant amounts to serve all eligible students.
- Collapse the MFI categories into three.
- Require consideration of family assets.
- Remove foster youth priority.
- Maintain connection to public tuition.
- Avoid special program priorities.
- Review eligibility rules in WAC.

- Continue to examine policy and administrative improvements.
- Evaluate WSIPP student outcome results in December 2012 and 2013.
- Consider development of a proposed WAC policy amendment package in 2013.
 - Satisfactory Academic Progress
 - 2nd Associate Degrees
 - Ability to Benefit
- Complete 2014 WSAC SNG Legislative report including prioritization options by campus performance.