

State Need Grant Update

September 2001

Executive Summary

Background

The State Need Grant (SNG) is Washington's largest state-appropriated program of student financial aid. Since its inception in 1969, the program has helped make it possible for hundreds of thousands of low-income or disadvantaged Washington residents to continue their education beyond high school.

During the 2000-2001 academic year, about 53,500 students received approximately \$87 million in State Need Grant funds to attend one of 73 participating institutions. Grants were awarded to students who had family incomes up to 65 percent of the state's median family income – about \$37,500 for a family of four.¹

Student Eligibility. To receive a grant, a student must be a Washington resident, meet the specified “need” criteria; and enroll at least half time in an eligible program at a participating college. Recipients must maintain satisfactory progress toward program or degree completion, and they may not receive a grant for study beyond the time limits established in state law.

The enabling legislation for the State Need Grant program directs that recipients be selected on the basis of their financial need, compared to all students statewide. Funding is to follow eligible students to their choice of institution. Recipients may attend a public community or technical college, a public or independent college or university, or a participating accredited private vocational (proprietary) school.

Program Administration. The Higher Education Coordinating Board (HECB) administers the State Need Grant program, ensuring that the program supplements and complements other available federal, state, and institutional financial aid programs to the extent appropriate. The Board develops rules for program administration, establishes the income cutoff for eligibility, sets grant amounts, allocates funds among institutions in proportion to the amount each is estimated to need to award eligible students, and administers the centralized aspects of the program. The Board monitors utilization throughout the academic year, making adjustments in student eligibility, grant amounts, and/or institutional allocations as necessary to ensure that funds are awarded to as many eligible students as possible.

Institutions determine which of their financial aid applicants qualify for the grant, include it as a part of the student's total financial aid award, and monitor continuing eligibility. They track and reconcile institutional utilization of State Need Grant funds allocated to their institution.

¹ See Appendix A for a program overview and summary.

The combination of statewide policy and local awarding of eligible students ensures the program achieves statewide policy goals, that low income students across the state are treated equitably, and that the state's investment in this program is maximized.

Policy and Procedure Reviews. Since the program's inception, the Board (and its predecessor agencies) has periodically reviewed and amended State Need Grant policies. The program has been modified in response to legislative directives, changes in federal student financial aid policies, and as a result of the Board's own review and assessment.

HECB staff, with the assistance of financial aid administrator advisory groups, have regularly reviewed administrative procedures and modified them, as appropriate. Changes in program administration have been made to reflect policy changes and to ensure that operating procedures are as efficient and effective as possible in achieving program goals.

Current Administrative Review

The Board completed its most recent State Need Grant policy review in 1998. The recommendations that resulted from that study were subsequently adopted by the Legislature during its 1999 session. A re-examination of State Need Grant program administrative practices is presently under way. The primary focus of the current review is on procedures to improve the process used by the Board to allocate SNG funds to institutions for distribution to eligible students.

Interest in the Board's allocation model became elevated this past year, when, after a 30-year history of essentially full use of all appropriated funds, the 1999-2000 academic year ended with \$4 million (or 5 percent of the appropriation) unspent. Much of the underutilization can be attributed to fewer-than-expected numbers of low income students enrolling due to continued implementation of Work First regulations, a robust job market, and implementation of SNG policy changes that reduced grant eligibility. The problem was compounded by institutions' reticence to release unspent State Need Grant funds for use at other colleges, based on their expectation that additional numbers of eligible students would enroll later in the academic year. Ultimately, many institutions released unused funds for redistribution at the end of the fiscal year – too late for the funds to be awarded to eligible students at other institutions – and the State Need Grant allocation was not fully spent.

Further questions about the distribution model used by the Board to allocate State Need Grant funds were raised when, during the 2000-2001 academic year, funds were fully expended, but not all institutions were able award all eligible students up to the same income level.

These recent experiences have led to a re-examination of the model used to determine the allocation of State Need Grant funds among participating institutions, as well as consideration of ways in which institutional reporting could be improved to ensure that, when necessary, funds are redistributed to the maximum benefit of the state's needy students.

HECB staff has convened a work group to address these issues. The work group includes financial aid directors from each sector, along with representatives of the Washington Association of Independent Colleges and Universities, the State Board for Community and Technical Colleges, the Council of Presidents, and the Washington Federation of Private Career Schools and Colleges. Staff from the Senate and House higher education and fiscal committees are also invited to participate in work group meetings. Work group meeting notes are circulated to all financial aid administrators and other interested people for further comments and suggestions.

The work group is considering several important aspects of program administration, focusing primarily on ways to improve State Need Grant fund distribution and utilization. For example:

- How can State Need Grant allocation decisions be improved to forecast, with the greatest possible certainty, the eligibility and enrollment patterns of recipients for the upcoming year? The goal of this effort is to ensure that students across the state have a reasonably similar opportunity to receive a grant, regardless of the school or sector they attend.
- How can the HECB best provide information about the income cut-off for grant eligibility and award amounts early in the spring, before institutions offer financial aid awards to students? And, how can the allocation process be designed to minimize the need to adjust grant amounts or student eligibility criteria once institutions have made awards to students?
- What modifications in institutional reporting are needed to support earlier and more accurate estimates of the attendance patterns of Need Grant-eligible students, and to determine if mid-year adjustments are necessary due to unanticipated changes in student enrollment?

The work group has met three times to date, and has made excellent progress in addressing these issues. New procedures are under development that respond to both HECB and the institutions' needs. The changes that result from the current administrative review will be implemented this fall. Staff and members of the work group are optimistic that the modifications which result from this review will further improve program administration for the Board and for participating institutions.

**State Need Grant Program
Overview and Summary
2000-2001 and 2001-2002 Academic Years**

- ◆ **Target Population: Washington's Lowest Income Students**
 - Students who have financial need based on federal need analysis are served in rank order of income, up to the amount of available funds.
 - "Income" is described as a percent of the state's median family income.
 - The Higher Education Coordinating Board has established that first priority be given to eligible low-income, undergraduate students with a family income at or below 65 percent of the state's median family income.

- ◆ **Statewide-Consistent Eligibility Criteria and Grant Amounts; Institutional Awarding and Administration**
 - Student eligibility is the same at all participating institutions.
 - Grant amounts are standardized within each institutional type.
 - Students of similar circumstances are assured of eligibility, regardless of where they attend school.
 - Institutions determine student eligibility, incorporate the grant into the student's financial aid package, and monitor continuing eligibility.

This combination – statewide-consistent eligibility and local administration – provides equity and maximizes efficiency.

- ◆ **Coordination with Federal Programs**
 - Program policies and administrative procedures are coordinated, to the extent practical, with federal policies and procedures.

- ◆ **Student Eligibility Criteria**

For a student to receive a State Need Grant, he or she must:

 - Be a Washington resident.
 - Be an undergraduate.
 - Meet the specified "need" criteria.
 - Be eligible for federal need-based financial aid.
 - Enroll at least half-time in an eligible program at a school that has been approved to participate.
 - Maintain satisfactory progress toward program or degree completion.
 - Not be in repayment status on a federal or state grant or in default on a student loan.
 - Not have exceeded maximum program or lifetime eligibility limits.

State Need Grant Program Overview and Summary

♦ **Quick Program Facts**

	<u>2000-2001</u>	<u>2001-2002</u>
FUNDING LEVEL	\$87 Million	\$90 Million
EST. NUMBER OF RECIPIENTS	52,750	TBD
PARTICIPATING INSTITUTIONS	73	72
INCOME CUTOFF	65%	55%
	State Median Family Income (MFI)	State Median Family Income (MFI)
Family Size 1	\$19,500	\$17,500
Family Size 2	\$25,500	\$23,000
Family Size 3	\$31,500	\$28,000
Family Size 4	\$37,500	\$33,500
GRANT AMOUNTS		
Community/Tech. College	\$1,638	\$1,740
Private Career College	\$1,638	\$1,740
Public Comprehensive Univ.	\$2,538	\$2,730
Public Research Univ.	\$3,114	\$3,360
Independent College/Univ.	\$3,352	\$3,594
Dependent Care Allowance (DCA)	\$ 600	\$ 618

2000-2001 STATE NEED GRANT EXPENDITURES

Funds available for grants including Federal LEAP Funds			\$	<u>86,744,471</u>
		Undup Head- count		<u>2000-01 Expended</u>
1010	University of Washington	5,185	\$	13,649,129 *
1020	Washington State University	3,652		9,150,681
2030	Central Washington University	2,092		4,350,080 *
2040	Eastern Washington University	2,286		4,919,832
2050	The Evergreen State College	971		2,046,620 *
2060	Western Washington University	2,465		4,847,983 *
2080	North Idaho College	5		7,752
2070	Portland State University	34		71,048
3090	Bastyr University	52		131,982
3100	Cornish Institute	123		359,088
3110	Heritage College	364		872,472
3120	Gonzaga University	372		969,284
3280	Henry Cogswell	8		29,330
3130	Northwest College-Kirkland	134		368,478
3240	Northwest College of Art-Poulsbo	12		18,757
3140	Pacific Lutheran University	530		1,472,650
3150	Saint Martin's College	233		568,342
3160	Seattle Pacific University	292		801,717
3170	Seattle University	482		1,336,938
3190	University of Puget Sound	122		350,721
3200	Walla Walla College	178		486,733
3210	Whitman College	48		143,298
3220	Whitworth College	252		611,238
4300	Bellevue Community College	955		1,131,786
4310	Big Bend Community College	421		578,524
4580	Cascadia Community College	105		120,000
4320	Centralia College			615,667 *
4330	Clark College	1,510		1,533,196
4340	Columbia Basin College	953		1,066,613
4350	Edmonds Community College	853		1,125,393 *
4360	Everett Community College	755		889,291
4370	Pierce College	1,273		1,516,867
4380	Grays Harbor College	709		818,987
4390	Green River Community College	668		653,369

4400	Highline Community College	1,047	1,362,333
4410	Lower Columbia College	892	948,950 *
4420	South Puget Sound Community	917	1,038,558
4430	Olympic College	1,000	1,221,897
4440	Peninsula College	526	610,993 *
4450	Seattle Central Community College	1,323	1,496,699 *
4460	North Seattle Community College	658	758,911
4470	South Seattle Community College	509	621,655
4480	Shoreline Community College	772	900,814 *
4490	Skagit Valley College	796	932,151 *
4500	Spokane Community College	2,889	3,656,534
4510	Spokane Falls Community College	2,317	2,832,465
4520	Tacoma Community College	1,533	1,528,338 *
4530	Walla Walla Community College	649	878,896 *
4540	Wenatchee Valley College	854	1,034,847 *
4550	Whatcom Community College	904	962,406 *
4560	Yakima Valley College	1,320	1,543,735
4570	Northwest Indian College	206	192,802
5700	Bates Technical College	627	779,182
5710	Bellingham Technical College	282	302,335
5720	Clover Park Technical College	950	1,086,004
5730	Lake Washington Technical College	433	498,300
5740	Renton Technical College	384	420,597
5750	Seattle Vocational Institute	15	112,339 *
6700	*ITT Technical Institute - Seattle	235	289,767
6710	*ITT Technical Institute - Spokane	295	348,173
6730	*Business Computer Training Institute	907	1,049,213
6740	*Divers Institute of Technology	10	17,988
6750	*International Air Academy	58	59,953
6760	*Interface Computer School	141	165,942
6770	*Crown College	54	51,727
6780	*Gene Juarez Academy	112	149,165
6810	*Bryman College	212	223,431
6820	*Art Institute of Seattle	420	516,462
6840	*Perry Technical Institute	154	204,057
6850	*Court Reporting Institute	106	140,572
6870	*Ashmead College	26	28,968
6890	*Clare's Beauty College	49	73,545
6970	*Glen Dow Academy	75	89,923
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	Total	<u>52,751</u>	\$ <u>86,744,471</u>

* As of August 28, 2001 - not verified