

STATE NEED GRANT: STUDENT PROFILES AND OUTCOMES

The State Need Grant is Washington State's largest financial assistance program for "low-income, needy and disadvantaged residents attending institutions of higher education."¹ The program was established in 1969 to improve college access and opportunity for students within the state.

The last major review of the State Need Grant program occurred in 1998.² The review included several recommendations regarding State Need Grant eligibility guidelines and award calculations. Prior studies have not examined progress and outcomes for students receiving a State Need Grant. In 2012, the Washington State Legislature directed the Washington State Institute for Public Policy (Institute) to complete a comprehensive study of the State Need Grant program to:

*"determine to what extent this program has increased access and degree attainment for low-income students and to determine whether the funding for the state need grant has been utilized in the most efficient way possible to maximize the enrollment and degree attainment of low-income students."*³

This report is the first of two studies addressing this legislative direction. The final evaluation report will be completed in December 2013.

Summary

Students who are state residents and have family incomes at or below 70% of the state's median family income may receive a State Need Grant to pay for the costs of undergraduate tuition. During the 2011–12 academic year, nearly 75,000 students received this grant. In the last 10 years, state spending on this grant program has increased 120% (from \$121 million in 2002–03 to \$267 million in 2011–12). A sharp increase in the cost of tuition at undergraduate institutions coupled with a growing student population has led to this rise in program expenditures. While the program has historically been able to serve all students who qualify, in recent years, about 30,000 eligible students have been unable to receive a grant.

The 2012 Legislature directed the Washington State Institute for Public Policy to "determine whether the funding for the State Need Grant has been utilized in the most efficient way possible to maximize the enrollment and degree attainment of low-income students." This report is the first of two detailed analyses on the characteristics and outcomes of State Need Grant students. Descriptive information in this report includes profiles of State Need Grant students, data related to college affordability, enrollment outcomes for State Need Grant students, and a comparison of need-based aid policies in selected states.

Our final report (due December 2013) will evaluate the impact of the State Need Grant program on enrollment and degree completion outcomes, after considering other factors related to student performance.

¹ RCW 28B.92.020

² Washington State Higher Education Coordinating Board. (1998). *Washington State Need Grant program 1998 policy study: Report and final recommendations*. Retrieved from <http://www.wsac.wa.gov/sites/default/files/SNGpolicystudy12-1998.pdf>

³ Supplemental Operating Budget, 2012 Wash. Sess. Laws 2225

Suggested citation: Burley, M., & Lemon, M. (2012). *State Need Grant: Student Profiles and Outcomes* (Document No. 12-12-2301). Olympia: Washington State Institute for Public Policy

The complete legislative direction for this study is shown in the sidebar. This report is organized three sections:

- I. **Program Information:** Provides detail on State Need Grant expenditures, eligibility rules, award levels, and the number of students served over time.
- II. **Student Profiles and Outcomes:** Describes background of students receiving a State Need Grant, including demographic characteristics, family status, and enrollment level. This section also highlights differences in students' receipt of financial aid from state, federal and institutional sources. Enrollment retention for State Need Grant students in different institutional sectors is also examined.
- III. **College Affordability and State Policy:** Discusses historical trends in Washington State tuition levels in relation to family income. A state comparison of average and overall level of student grant aid is also included. Finally, the approaches of other states in providing need-based student aid are highlighted.

When possible, the results presented in this study are reported by institution and sector (public/private and two-year/four-year systems), and included in the appendices.

State Need Grant Evaluation Legislative Direction

“The purpose of this study is to determine to what extent this program has increased access and degree attainment for low-income students and to determine whether the funding for the state need grant has been utilized in the most efficient way possible to maximize the enrollment and degree attainment of low-income students. This study shall include, but not be limited to, a review of the following:

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

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

Supplemental Operating Budget, 2012 Wash. Sess. Laws 2225

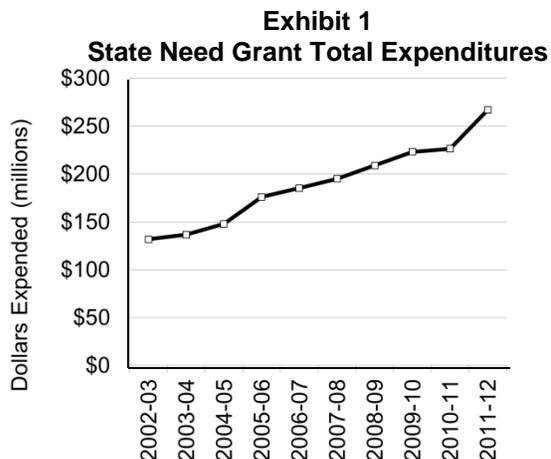
SECTION I: PROGRAM INFORMATION

The State Need Grant provides financial assistance to low-income residents attending an undergraduate program in Washington State. Currently, students with an income at or below 70% of the state's median family income (MFI) can receive a grant award that covers a share of tuition and fees at both public and private higher education institutions in the state.

This section provides a brief overview of the eligibility guidelines for the State Need Grant and the number of students receiving a grant. State Need Grant program funds are appropriated by the legislature and administered by the Washington Student Achievement Council (WSAC). A recent State Need Grant policy review conducted by WSAC provides additional historical trends and a detailed explanation of requirements and award calculations.⁴

WHAT ARE THE OVERALL COSTS FOR THE STATE NEED GRANT PROGRAM?

The base amount for the State Need Grant award is tied to tuition, service and activity fees for resident undergraduate students in public colleges and universities.⁵ As tuition has increased at public sector institutions, State Need Grant expenditures have increased as well. As Exhibit 1 shows, state appropriations for the State Need Grant have more than doubled in the last ten years. In inflation-adjusted (or 'constant') dollars,⁶ total State Need Grant expenditures increased from \$121 million in 2002 to \$267 million by 2011.



Source: Annual Report on State Financial Aid Programs <www.wsac.wa.gov/PublicationsLibrary/FinancialAid>. Dollars adjusted for inflation (2012 dollars) using CPI-U.

State Need Grant dollars have also increased as a proportion of all state higher education expenditures. In 2002, State Need Grant funds represented 5% of all higher education appropriations. By 2011, need grants made up 16% of all state funds for higher education.⁷

In Washington, State Need Grant expenditures make up over 90% of all state financial assistance for higher education funding (Exhibit 2, next page). Nationally, need-based grants are about 70% of state financial aid, with other state funds spent on merit-based and targeted grants and scholarships (see Exhibit 21, page 24).

⁴ Washington Student Achievement Council. (Forthcoming). *State need grant policy review*. Olympia, WA: Author.

<<http://www.wsac.wa.gov/PublicationsLibrary/FinancialAid>>

⁵ RCW 28B.92.020(1)(b). Legislative changes affecting State Need Grant awards for students at private institutions are discussed on page 5.

⁶ The Consumer Price Index (CPI) is the most common measure for adjusting the value of money over time to account for inflation. In this report, we report constant 2012 dollars using the CPI-U (urban) deflator [www.bls.gov/cpi/].

⁷ Other higher education expenditures include direct appropriations to public colleges and universities for operating expenses and tuition support. See "Key Facts about Higher Education 2012," Higher Education Coordinating Board, Chapter II. Retrieved from <http://www.wsac.wa.gov/sites/default/files/KFChapterII.pdf>.

**Exhibit 2
Washington State Student Aid Programs
2011-12 Expenditures**

| Aid Based On | Program | Expenditures (millions) | Percent |
|---------------------------|--|----------------------------|---------|
| Need-Based | State Need Grant | \$267.0 | 93.7% |
| | State Work Study | \$7.8 | 2.7% |
| | Passport to College (former foster youth) | \$1.4 | 0.5% |
| Merit-Based | Washington Scholars | \$2.3 | 0.8% |
| | Washington Award for Vocational Excellence* | \$1.0 | 0.4% |
| | GEAR UP Scholarships | \$0.4 | 0.1% |
| Targeted Workforce | Alternative Routes to Teaching* | \$1.5 | 0.5% |
| | GET Ready for Math & Science* | \$1.0 | 0.4% |
| | Health Professional Loan Repayment & Scholarship | \$3.0 | 1.1% |
| Total | | \$285 | |

Source: Washington Higher Education Coordinating Board. (2012). *Annual report on state student financial aid programs* (p.9). Retrieved from http://www.wsac.wa.gov/sites/default/files/SFAAnnualReport2012_0.pdf

*WSAC serves as the fiscal agent for these programs; remaining programs are administered by colleges or other organizations.

WHO IS ELIGIBLE FOR STATE NEED GRANTS?

To qualify for a State Need Grant, students must demonstrate financial need by completing the Free Application for Federal Student Aid (FAFSA).⁸ Resident undergraduate students may be eligible for a State Need Grant if they meet one of the following criteria:

- **Income cutoff:** a student must have a family income that falls at or below a certain percentage of the state's **median family income (MFI)**.⁹ Currently, students with a family income at or below 70% MFI are eligible for a need grant. State Need Grants are prorated by income range.
- **Former foster youth:** students under age 24 who were in a foster care placement (within Washington State) at the time they turned 18 can receive a State Need Grant.¹⁰

Students must enroll in college for a minimum of three credits to receive a State Need Grant.¹¹ Awards are prorated for students who are enrolled less than full-time (12 quarter credit hours or equivalent). The State Need Grant recipient may receive an award for up to five years.¹²

⁸ RCW 28B.92.030(5)

⁹ The median represents the middle number in a range of values. By definition, half of all families have an income above the median and half have an income below it. State Need Grant eligibility stops at 70% below the median.

¹⁰ RCW 28B.92.060(1)(b)

¹¹ RCW 28B.92.060(5).

¹² Certain events may disqualify students from receiving an State Need Grant award. These events include failing to meet Satisfactory Academic Progress, taking more than 125% of allotted time to finish program, or pursuing a second Associate of Arts degree within five years. The State Need Grant program manual includes additional information about these criteria.

HOW ARE AWARDS CALCULATED?

Several factors determine the final value of a student's State Need Grant award. The award level is based on the student's family income as a percentage of the state MFI. In 2012, 100% MFI for a family of four in Washington State was \$81,797.¹³ Students with incomes below 50% MFI receive the full State Need Grant. Eligible students with incomes between 51% and 70% of the median family income receive a percentage of the full award (Exhibit 3).¹⁴

Exhibit 3
State Need Grant Income Cutoffs
(2012–13 Academic Year)

| Median Family Income Range | Income Limits (Family of 4) | Percent of State Need Grant Award |
|----------------------------|-----------------------------|-----------------------------------|
| 0-50% | \$41,000 | 100% |
| 51-55% | \$45,000 | 70% |
| 56-60% | \$49,000 | 65% |
| 61-65% | \$53,000 | 60% |
| 66-70% | \$57,500 | 50% |

Maximum State Need Grant awards vary according to institution and higher education sector. Students receiving a State Need Grant may attend public or participating private undergraduate institutions within Washington. The maximum award level is set according to the "average tuition, service, and activity fees charged within each public sector of higher education" (Exhibit 4).¹⁵ Appendix 1 includes the colleges and universities in each sector, along with the number of students served.¹⁶

Exhibit 4
State Need Grant Maximum Awards
(2012–13)

| Sector | Maximum Award |
|---|----------------------|
| Public Research University | \$10,868 |
| Public Regional University | \$7,882 [†] |
| Private Four Year* | \$8,517 |
| Public Community and Technical College (Two Year) | \$3,696 |
| Private Career* | \$2,823 |

[†]range: \$7,196 (EWU) - \$7,882 (WWU)

Source: State Need Grant program manual (2012-13)

*Awards for new students at private *for-profit* institutions are reduced by half (private *non-profit* institutions are not reduced).

Private institutions may participate in the State Need Grant program provided mandatory eligibility requirements are met.¹⁷ Prior to 2011, State Need Grant awards at private four-year institutions were based on the maximum award at public research institutions.

The 2011 Legislature limited increases in the amount of the State Need Grant to 3.5% per year for students attending private four-year institutions.¹⁸ The 2011 legislation also reduced the State Need Grant awards for *new* (entering) students at for-profit private institutions by 50%. Continuing students that had received a State Need Grant in prior years were not subject to this 50% reduction.

State Need Grant awards are provided on a "funds available" basis and institutionally determined policies. Not all students that qualify receive an award. After the legislature sets an appropriation for the State Need Grant program, those funds are distributed to institutions (by WSAC) using a formula that accounts for the share of eligible students at each institution in the previous year.

¹³ Federal Register (77 FR 15376) "State Median Income Estimates For FFFY 2013." Retrieved from <https://federalregister.gov/a/2012-6220>

¹⁴ Supplemental Operating Budget, 2012 Wash. Sess. Laws 2225; The 70% MFI limit was set in 2007, in prior years, this limit ranged between 55% (2001) and 65% (2005). An increase from three income categories to five categories occurred in 2009.

¹⁵ WAC 250-20-041

¹⁶ See also <http://www.wsac.wa.gov/sites/default/files/SNG-EligibleInstitutions2012-13.pdf>

¹⁷ WAC 250-20-013

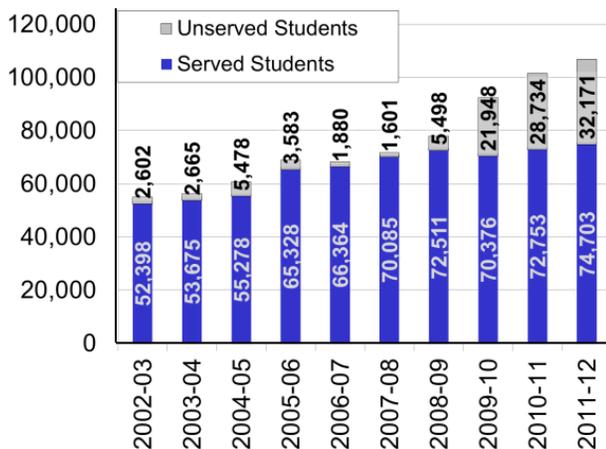
¹⁸ 2011–2013 Operating Budget, 2011 Wash. Sess. Laws (Special Sess.) 3931

HOW HAS THE NUMBER OF STUDENTS RECEIVING A GRANT CHANGED OVER TIME?

In the last 10 years, the number of students eligible for the State Need Grant has nearly doubled, from 54,000 students in 2002–03 to over 106,000 students in the 2011–12 academic year. As Exhibit 5 shows, the number of students that were eligible, but did not receive a State Need Grant increased noticeably starting in the 2009–10 school year. During this year, there were 21,948 “unserved” students. In the latest academic year (2011–12) the number of unserved students increased to 32,171.

Prior to 2010, about 4% of eligible State Need Grant students were unserved (approximately 2,000 students each year). These students may have filed a FAFSA form too late for consideration, or started attendance later in the academic year. In recent years, budgetary constraints, increasing college enrollment, and rising tuition costs have contributed to an increase in the number of eligible students who are unable to receive a State Need Grant.

Exhibit 5
State Need Grant-Eligible Students
(served and unserved)



Source: Washington Student Achievement Council, Government Management Accountability Performance (GMAP) reports at performance.wa.gov.

Note: 2002–03 through 2004–05 include estimates for unserved students.

A Note about Data

To complete detailed analyses on the characteristics and outcomes of State Need Grant students, we requested unidentifiable student records for all State Need Grant eligible students from the 2004–05 to 2010–11 school years.¹⁹ We received permission to access student level data for all 41 public higher education institutions, 11 (of 16) private four-year colleges, and four (of 11) career schools.

The results presented in the remainder of this report are based on the data provided, which represent approximately 96% of all eligible students. Appendix 1 includes a count of all State Need Grant eligible students and total expenditures by sector and institution for the 2010–11 school year (the latest year for which detailed data are available).

The increase in unserved State Need Grant students raises questions about college access, affordability and outcomes, particularly during recent years. Research questions focusing on these topics will be addressed both in this report, and in our final evaluation report (due December 2013). As a first step in this process, we examined key characteristics of unserved students to determine if there were notable differences among students unable to receive a State Need Grant. Exhibit 6 shows both served and unserved students for 2010–11 school year by family income level.

Exhibit 6
State Need Grant Served Students by Income
(2010–2011)

| Median Family Income Range | Served Students (Percent Served by Income Level) | Eligible Students |
|----------------------------|--|-------------------|
| 0-50% MFI | 58,897 (72.8%) | 80,947 |
| 51-55% | 3,779 (73.7%) | 5,125 |
| 56-60% | 3,224 (72.1%) | 4,469 |
| 61-65% | 2,759 (68.2%) | 4,047 |
| 66-70% | 1,867 (65.9%) | 2,833 |
| Total | 70,526 (72.4%) | 97,421 |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study.

¹⁹ As a result of institutional reporting timelines, 2011-12 financial aid data are not available until December 2012.

Over 80,000 of the 97,421 State Need Grant eligible students had family incomes under 50% of MFI. Among these students, 73% received a State Need Grant award, and were counted as “served.” A lower proportion of students from families with slightly higher income levels (61-70% MFI) received a grant, with a “served” rate of about 67%.

Exhibit 7
State Need Grant Served Students by Sector
(2010–11)

| Sector | Served Students (Percent Served) | Eligible Students |
|--|-------------------------------------|----------------------|
| Public Research | 12,032 (78.4%) | 15,339 |
| Public Regional | 8,932 (73.6%) | 12,142 |
| Private Four-Year | 3,885 (74.7%) | 5,204 |
| Public Community/ Technical College | 44,957 (70.3%) | 63,939 |
| Private Two- Year/Career | 720 (90.3%) | 797 |
| Total | 70,526 (72.4%) | 97,421 |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study (includes full time and part time students).

The percentage of State Need Grant-eligible students receiving an award differs by institutional sector, as shown in Exhibit 7 above. While the overall rate of served students was 72% during the 2010–11 academic year, the percentage of students who received a State Need Grant in public community and technical colleges (70%) was smaller than the percentage of recipients in four-year institutions (74-78%).

Exhibit 7 also illustrates that approximately two-thirds of students with a State Need Grant attend a public community or technical college. The circumstances and characteristics of these students can differ considerably from students attending four-year colleges and universities. Likewise, there are some notable differences in students attending public and private institutions. The next section explores variations in the student population and presents outcomes for State Need Grant students in each sector.

SECTION II: STUDENT PROFILES AND OUTCOMES

To understand the role of the State Need Grant in providing assistance to students, it is necessary to analyze this grant in relation to other financial aid. This section looks at student grants and loans from federal, state and institutional sources. In addition, we provide detail about the background and characteristics of State Need Grant recipients. The legislative direction for this study calls for an analysis of *all* State Need Grant students. In some cases, however, financial data are more informative when the results account for the student's enrollment status (full-time/part-time). In subsequent exhibits, we note where results may only include full-time students.

WHAT ARE THE SOURCES OF FINANCIAL AID?

Nearly all (95%) students receiving a State Need Grant also received federal grant assistance (primarily through the Pell program). Pell grants are based on calculated student need and constitute a large portion of a students' financial aid package.

For the 2010–11 academic year, the average federal grant award for full time students with a State Need Grant was between \$5,400 and \$5,700 (Exhibit 8).

Nearly half (49%) of all students (part- and full-time) with a State Need Grant also had a federal loan in 2010–11. A smaller percentage (35%) of students in public community and technical colleges had loans (the loan rate for full time community and technical college students was 40%). Between 65% and 85% of State Need Grant students in four-year colleges and universities had federal loan support.

The average annual loan amount for full-time State Need Grant recipients ranged between \$6,756 and \$9,824. In every sector, for students with loans, the average loan amount represented the highest financial assistance category.

Exhibit 8
Primary Financial Aid Sources for State Need Grant Recipients: 2010–11

| Sector | SNG | Federal Grants | Federal Loans | Work Study | Institutional Aid |
|---|---------------|---------------------|---------------------|--------------------|---------------------|
| Total (percent) for Full- and Part-Time Students | | | | | |
| Community Technical College | 45,436 | 43,102 (95%) | 16,106 (35%) | 3,618 (8%) | 9,315 (21%) |
| Public Research | 12,045 | 11,321 (94%) | 7,924 (66%) | 1,845 (15%) | 9,324 (77%) |
| Public Regional | 8,962 | 8,428 (94%) | 6,777 (76%) | 1,218 (14%) | 4,621 (52%) |
| Private Four-Year | 3,890 | 3,629 (93%) | 3,323 (85%) | 1,148 (30%) | 3,535 (91%) |
| Total (all) | 71,056 | 67,151 (95%) | 34,683 (49%) | 7,843 (11%) | 26,839 (38%) |
| Average (with aid) Full-Time Students Only | | | | | |
| Community Technical College | \$2,234 | \$5,384 | \$6,756 | \$3,204 | \$1,271 |
| Public Research | \$6,063 | \$5,707 | \$6,875 | \$2,080 | \$3,324 |
| Public Regional | \$4,840 | \$5,402 | \$7,150 | \$2,689 | \$1,903 |
| Private Four-Year | \$6,790 | \$5,687 | \$9,824 | \$2,725 | \$10,303 |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study.

Note: The 2011 Legislature reduced funding to the State Need Grant program by \$25 million and public institutions were asked to offset this reduction with institutional funds (2011–2013 Operating Budget, 2011 Wash. Sess. Laws (Special Sess.) 3931). Institutional State Need Grant funds are not included in this exhibit.

HOW DOES AID RELATE TO STUDENT FINANCIAL NEED?

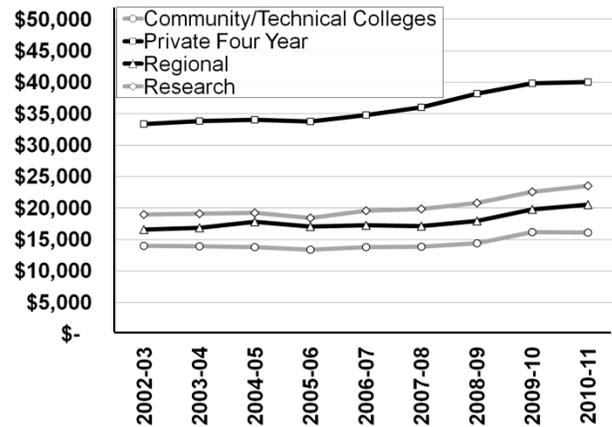
The federal government sets guidelines for determining a student's eligibility for grants, work study, and subsidized loans based on financial need. For financial aid purposes, need is set to the overall cost of attendance (tuition, room and board, books, transportation, personal expenses) minus the expected family contribution (EFC).

The EFC is based on income, assets, family size, number of students in college, and other factors.²⁰ After receiving completed FAFSA information from the student, financial aid administrators award federal and state financial aid based on calculated need, program rules, and the allocation allotted to each school. Students receiving scholarships or other outside funding will have decreased need-based aid.

For this analysis, we examined how students meet their calculated need from federal, state and other forms of assistance. Students that attend college part-time may be more likely to have their need adjusted during the course of the academic year, and reported figures can vary from actual need. Therefore, we limited our analysis to students that attend college full-time for the entire year.²¹

In inflation-adjusted dollars, the average financial need for State Need Grant students remained fairly constant between 2002 and 2007 (Exhibit 9). In the last four years, the average need levels for these students have increased by 15-20%.

Exhibit 9
Average Need by Sector
(Full-Time State Need Grant Students)



Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study. Constant (2012) dollars.

For each sector, we looked at how available financial aid helped students meet their calculated need. For the 2010–11 academic year, the State Need Grant covered 20% of average financial need for full-time, year-round students. On average, students in community colleges had 15% of their available need paid by the State Need Grant, while students at research universities had 28% covered (Exhibit 10, next page).

In total, grant funding from federal, state and institutional sources covered 57% of total financial need for full-time students receiving a State Need Grant. Subsidized loans made up about one-fifth of the calculated need for full-time students in 2010–11. Remaining need— not covered by grants, loans or work study— would be met by private loans, student employment or family contributions above the calculated EFC. While full-time community college students had the lowest levels of average financial need (\$16,105), these students had the highest percentage (31%) of remaining need not met by financial aid.

²⁰ <http://ifap.ed.gov/efcformulaguide/attachments/101310EFCFormulaGuide1112.pdf>

²¹ Full time year-around students represent 58% of undergraduate aid recipients with a State Need Grant.

Exhibit 10
Percent of Need Met by Financial Aid by Sector for Full-Time Students (2010–11)

| Aid Category | Research | Regional | Private Four-Year | Community & Technical Colleges | Total |
|--------------------------------|-----------------|-----------------|-------------------|--------------------------------|-----------------|
| Federal Pell Grants | 23% | 25% | 14% | 33% | 28% |
| State Need Grant | 28% | 25% | 18% | 15% | 20% |
| Institutional and Other Grants | 16% | 8% | 29% | 3% | 9% |
| Work Study | 2% | 2% | 2% | 2% | 2% |
| Loan | 18% | 26% | 21% | 15% | 18% |
| Need Unmet | 14% | 14% | 16% | 31% | 23% |
| Need Unmet (dollars) | \$3,380 | \$2,941 | \$6,443 | \$4,967 | \$4,719 |
| Average Need | \$23,500 | \$20,549 | \$40,013 | \$16,099 | \$20,441 |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study.

WHAT ARE THE CHARACTERISTICS OF STUDENTS RECEIVING A STATE NEED GRANT?

The previous discussion of student financial aid illustrates how students are meeting college costs in each sector of Washington’s higher education system. The differences in a student’s financial needs and resources can be partially explained by the type of students attending each institution. This section provides additional detail on the background and characteristics of State Need Grant students. The student profiles include demographic information, family composition, family size, and part-time or full-time status.

Exhibits 11–13 provide detail about students who received a State Need Grant during the 2010–11 academic year. In most cases, student profiles have not changed significantly over time. While we present the most recent data on student characteristics in the following pages, we also note in our discussion any changes that may have occurred in the composition of State Need Grant recipients during recent years.

Demographics

In different sectors of the higher education system, we found variation in the ages of State Need Grant students.

- About one-third (35%) of grant recipients were between the ages of 17 and 20.
- At four-year institutions (public and private), between 42% and 52% of State Need Grant students were under the age of 21.
- Conversely, more than half (53%) of community college State Need Grant students were age 25 or older (compared to 44% of all students).

About six out of 10 (59%) State Need Grant students were female, with a slightly higher representation of females at community colleges (61%) compared to public four-year regional and research universities (55-56%).

Exhibit 11
State Need Grant Student Demographic Characteristics (Served Students, 2010–11)

| Category | Two-Year Colleges | | Four-Year Institutions | | | Total |
|--------------------------------------|-------------------|--------------------------------|------------------------|--------------|---------------|---------------|
| | Private Career | Community & Technical Colleges | Private Four-Year | Regional | Research | |
| Age | | | | | | |
| 17-20 | 193 (27%) | 12,276 (27%) | 2,054 (53%) | 3,767 (42%) | 6,157 (51%) | 24,447 (35%) |
| 21-24 | 157 (22%) | 8,198 (18%) | 848 (22%) | 2,493 (28%) | 2,997 (25%) | 14,693 (21%) |
| 25 plus | 363 (51%) | 24,350 (54%) | 975 (25%) | 2,643 (30%) | 2,847 (24%) | 31,178 (44%) |
| Female | 484 (68%) | 27,298 (61%) | 2,573 (66%) | 5,026 (56%) | 6,653 (55%) | 42,034 (60%) |
| Race/Ethnicity | | | | | | |
| Asian American | 41 (6%) | 2,847 (6%) | 359 (9%) | 419 (5%) | 456 (4%) | 4,122 (6%) |
| African American | 52 (7%) | 3,546 (8%) | 217 (6%) | 410 (5%) | 795 (7%) | 5,020 (7%) |
| Caucasian | 400 (56%) | 27,942 (62%) | 2,065 (53%) | 4,041 (45%) | 5,799 (48%) | 40,247 (57%) |
| Hispanic | 47 (7%) | 5,072 (11%) | 617 (16%) | 986 (11%) | 1,327 (11%) | 8,049 (11%) |
| Multi-Racial | n/r | 1,734 (4%) | 106 (3%) | 2,125 (24%) | 2,633 (22%) | 6,605 (9%) |
| Other* | 137 (19%) | 1,626 (4%) | 162 (4%) | 465 (5%) | 678 (6%) | 3,068 (4%) |
| Unknown | n/r | 2,057 (5%) | 351 (9%) | 457 (5%) | 313 (3%) | 3,207 (5%) |
| Dependency Status | | | | | | |
| Dependent | 150 (21%) | 11,757 (26%) | 2,259 (58%) | 4,429 (50%) | 7,484 (62%) | 26,079 (37%) |
| Independent | 563 (79%) | 33,067 (74%) | 1,618 (42%) | 4,474 (50%) | 4,517 (38%) | 44,239 (63%) |
| Age/Dependency Group | | | | | | |
| Dependent 17-24 | 149 (21%) | 11,757 (26%) | 2,259 (58%) | 4,429 (50%) | 7,484 (62%) | 26,078 (37%) |
| Independent 17-24 | 201 (28%) | 8,717 (19%) | 643 (17%) | 1,831 (21%) | 1,670 (14%) | 13,062 (19%) |
| Independent 25-49 | 362 (51%) | 24,350 (54%) | 975 (25%) | 2,643 (30%) | 2,847 (24%) | 31,177 (44%) |
| Median Family Income Category | | | | | | |
| 0-50% | 626 (88%) | 38,353 (86%) | 3,100 (80%) | 7,395 (83%) | 9,246 (77%) | 58,720 (84%) |
| 51-60% | 56 (8%) | 3,922 (9%) | 448 (12%) | 1,002 (11%) | 1,555 (13%) | 6,983 (10%) |
| 61-70% | 31 (4%) | 2,549 (6%) | 329 (8%) | 506 (6%) | 1,200 (10%) | 4,615 (7%) |
| Total | 713 | 44,824 | 3,877 | 8,903 | 12,001 | 70,318 |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study.

Note: As reported by institutions on the Unit Record report to the WSAC, a difference in the reporting for multi-racial students between two-year and four-year institutions makes it difficult to compare some racial/ethnic categories.

n/r: Results with 10 or fewer students are suppressed to protect student privacy. see: <http://nces.ed.gov/pubs2012/2012151.pdf>

*includes Native American

Family Composition

A student's dependency status (for financial aid purposes) is another way to examine the situation of State Need Grant recipients. This study examines students who are "dependents of the parent," defined as "persons who live with and receive more than one-half of their support from the parent and will continue to receive more than half of their support from the parent during the [financial aid] award year."²² Exhibits 11 (previous page) and 12 (next page) consider dependency, along with age and marital status for students receiving a State Need Grant.

- While dependent students represented 37% of all State Need Grant recipients, between 49% and 62% of State Need Grant students in four-year institutions were dependents.
- About one in five (18%) of individuals with a State Need Grant were independent students under the age of 25—a rate which was fairly similar across the sectors.
- Independent students who are not married represent 47% of all State Need Grant students, and more than half (55%) of students in community and technical colleges.

Only 22% of married students with a State Need Grant had a two person household; meaning, nearly eight in 10 married State Need Grant students had dependent children of their own. A dependent care allowance (DCA)²³ is available for State Need Grant students to assist with child and dependent care expenses.

Among independent students who were not married, 57% had a one-person family. In public four-year colleges and universities, 77% of independent unmarried State Need Grant students were without dependents, meaning 23% had children in the household. In the two-year sector, half (50%) of all independent unmarried SNG students had a family with dependent children.

Enrollment Status

The State Need Grant award amounts (presented in Exhibit 4, page 5) apply to full-time students attending a qualifying institution for the entire academic year. As shown in Exhibit 13 (page 14), 72% of State Need Grant recipients in 2010–11 attended college for the full year, and 58% had full-time enrollment for the entire year. More State Need Grant recipients in public four-year institutions were full-time/full-year students (77-80%), compared to recipients in community and technical colleges (47%).

One-third of community college students with a State Need Grant were enrolled for only part of the academic year (twice the rate of students at four-year colleges). Community and technical college students had a higher rate of summer enrollment (39%), compared to public four-year students (23-27%).²⁴

In the community and technical colleges, 61% of State Need Grant recipients were sophomores (second year).²⁵ In the four-year sector, nearly half (48%) of State Need Grant students in public institutions and one-third (36%) of students in private universities were enrolled as seniors (fourth year).

²² 20 USC § 1087v

²³ For students with a full award, the DCA is \$885 per year, see <http://www.wsac.wa.gov/sites/default/files/SNGManual-2012.pdf>

²⁴ The maximum State Need Grant award is equivalent to tuition for a full (nine-month) academic year. Students attending less than nine months receive a prorated award (WAC 250-20-041). Grants for summer attendance are distributed on a funds available basis.

²⁵ In 2004–05, 44% of State Need Grant students in community colleges and 27% of students in public technical colleges were enrolled in their second year.

Exhibit 12
State Need Grant Student Family Characteristics (Served Students, 2010–11)

| Category | Two-Year Colleges | | Four-Year Institutions | | | Total |
|---|-----------------------|--------------------------------|------------------------|-------------------------|------------------------|--------------------------|
| | Private Career | Community & Technical Colleges | Private Four-Year | Regional | Research | |
| Married (pct all students) (pct of independents) | 158 (22%) (28%) | 8,335 (19%) (25%) | 430 (11%) (27%) | 1,009 (11%) (23%) | 1,042 (9%) (23%) | 10,974 (16%) (25%) |
| Family Status | | | | | | |
| Dependent | 150 (21%) | 11,757 (26%) | 2,257 (58%) | 4,429 (50%) | 7,484 (62%) | 26,077 (37%) |
| Independent (married) | 158 (22%) | 8,335 (19%) | 428 (11%) | 1,009 (11%) | 1,042 (9%) | 10,972 (16%) |
| Independent (non-married) | 405 (57%) | 24,732 (55%) | 1,190 (31%) | 3,465 (39%) | 3,475 (29%) | 33,267 (47%) |
| Dependent Non-Married Students- Family Size | | | | | | |
| Two | 28 (19%) | 2,234 (19%) | 296 (13%) | 771 (17%) | 986 (13%) | 4,315 (17%) |
| Three | 42 (28%) | 2,947 (25%) | 500 (22%) | 1,203 (27%) | 1,903 (25%) | 6,595 (25%) |
| Four | 34 (23%) | 2,830 (24%) | 597 (26%) | 1,152 (26%) | 2,294 (31%) | 6,907 (26%) |
| Five or more | 46 (31%) | 3,746 (32%) | 864 (38%) | 1,303 (29%) | 2,301 (31%) | 8,260 (32%) |
| Subtotal | 150 | 11,757 | 2,257 | 4,429 | 7,484 | 26,077 |
| Independent Married Students- Family Size | | | | | | |
| Two | 33 (21%) | 1,526 (18%) | 127 (30%) | 363 (36%) | 432 (41%) | 2,481 (23%) |
| Three | 40 (25%) | 1,909 (23%) | 95 (22%) | 234 (23%) | 193 (19%) | 2,471 (23%) |
| Four | 40 (25%) | 2,484 (30%) | 121 (28%) | 224 (22%) | 222 (21%) | 3,091 (28%) |
| Five or more | 45 (28%) | 2,416 (29%) | 85 (20%) | 188 (19%) | 195 (19%) | 2,929 (27%) |
| Subtotal | 158 | 8,335 | 428 | 1,009 | 1,042 | 10,972 |
| Independent Non-Married Students- Family Size | | | | | | |
| One | 203 (50%) | 12,467 (50%) | 773 (65%) | 2,677 (77%) | 2,708 (78%) | 18,828 (57%) |
| Two | 92 (23%) | 6,016 (24%) | 194 (16%) | 465 (13%) | 428 (12%) | 7,195 (22%) |
| Three | 61 (15%) | 3,822 (15%) | 137 (12%) | 195 (6%) | 223 (6%) | 4,438 (13%) |
| Four | 37 (9%) | 1,634 (7%) | 52 (4%) | 85 (2%) | 79 (2%) | 1,887 (6%) |
| Five or more | 12 (3%) | 793 (3%) | 34 (3%) | 43 (1%) | 37 (1%) | 919 (3%) |
| Subtotal | 405 | 24,732 | 1,190 | 3,465 | 3,475 | 33,267 |
| Total | 713 | 44,824 | 3,877 | 8,903 | 12,001 | 70,318 |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study.

Exhibit 13
State Need Grant Student Enrollment Characteristics (Served Students, 2010–11)

| Category | Two-Year Colleges | | Four-Year Institutions | | | Total |
|--|-------------------|--------------------------------|------------------------|--------------|---------------|---------------|
| | Private Career | Community & Technical Colleges | Private Four-Year | Regional | Research | |
| Period of Enrollment During Academic Year | | | | | | |
| Full Year | 287 (40%) | 29,408 (66%) | 3,331 (86%) | 7,699 (86%) | 10,253 (85%) | 50,900 (72%) |
| Partial Year | 426 (60%) | 15,416 (34%) | 546 (14%) | 1,204 (14%) | 1,748 (15%) | 19,340 (28%) |
| Enrollment Level | | | | | | |
| Full Year, Full-Time | 276 (39%) | 20,890 (47%) | 3,005 (78%) | 7,121 (80%) | 9,226 (77%) | 40,440 (58%) |
| Full Year, Full-Time and Part-Time | 11 (2%) | 6,292 (14%) | 193 (5%) | 493 (6%) | 738 (6%) | 7,727 (11%) |
| Full Year, Part-Time Only | n/r | 2,226 (5%) | 133 (3%) | 85 (1%) | 289 (2%) | 2,733 (4%) |
| Part Year, Full-Time | 385 (54%) | 9,795 (22%) | 327 (8%) | 1,000 (11%) | 1,282 (11%) | 12,789 (18%) |
| Part Year, Full-Time and Part-Time | n/r | 1,949 (4%) | 13 (0%) | 120 (1%) | 111 (1%) | 2,199 (3%) |
| Part Year, Part-Time Only | 35 (5%) | 3,672 (8%) | 206 (5%) | 84 (1%) | 355 (3%) | 4,352 (6%) |
| Summer Enrollment | 505 (71%) | 17,273 (39%) | 485 (13%) | 2,029 (23%) | 3,203 (27%) | 23,495 (33%) |
| Year in School | | | | | | |
| Freshman | 436 (61%) | 17,069 (38%) | 818 (21%) | 1,134 (13%) | 1,347 (11%) | 20,804 (30%) |
| Sophomore | 223 (31%) | 27,376 (61%) | 648 (17%) | 1,302 (15%) | 1,632 (14%) | 31,181 (44%) |
| Junior | 35 (5%) | 314 (1%) | 1,023 (26%) | 2,121 (24%) | 3,215 (27%) | 6,708 (10%) |
| Senior | 19 (3%) | 65 (0%) | 1,388 (36%) | 4,346 (49%) | 5,807 (48%) | 11,625 (17%) |
| Total | 713 | 44,824 | 3,877 | 8,903 | 12,001 | 70,318 |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study.

n/r: Results with 10 or fewer students are suppressed to protect student privacy. see: <http://nces.ed.gov/pubs2012/2012151.pdf>

WHAT ARE THE COLLEGE OUTCOMES FOR STUDENTS RECEIVING A STATE NEED GRANT?

Our final evaluation report (due December 2013) will analyze the impact of the State Need Grant on student outcomes. The analysis will account for a variety of factors that may influence student success, including academic preparation, family background, cost of attendance, and institutional support (among others). This report provides baseline information about one of these key outcomes: student retention. Additional outcomes, including student access and degree completion, will be examined in future reports.

Fall-to-Fall Retention

National surveys of college students have consistently found that among full-time freshman, 55% of students in community colleges and 75% of students in public four-year colleges will return for their sophomore year.²⁶ First-year retention is an important outcome measure to track since the likelihood of a student dropping out of school decreases significantly after the first year of enrollment.²⁷

Retention rates for students receiving a State Need Grant in Washington State are similar to rates cited in national research. Exhibit 14 (next page) includes State Need Grant students enrolled in the fall of 2009 from each institutional sector.²⁸ For each group, we report the number of students that enrolled in the subsequent fall (2010) and the number of students that received a State Need Grant in the following year. This analysis looks at the percentage of students that either re-enrolled in the same institution, or transferred to a new institution in the subsequent year.

Students enrolled in community and technical colleges are classified by program of enrollment—either academic transfer²⁹ or workforce education. For both types of students, 60% of first year students re-enrolled the following fall. In public four-year regional universities, 83% of students were retained for a second year, while nine out of 10 (91%) of students at research universities were retained.³⁰ While we could not track enrollment outside Washington State, the retention results presented in Exhibit 14 include re-enrollment at *any* state institution. Between 90% and 95% of State Need Grant students that were retained remained in the same college or university.

Of course, not all students returning for a second year will qualify for or receive a State Need Grant. The percentage of freshman that returned as sophomores *and* received a second State Need Grant ranged from 43% (community college academic) to 70% (public research universities).

²⁶ American College Testing Program. (2012). *2010 Retention/Completion Summary Tables*. Iowa City, Iowa: American College Testing Program. Retrieved from http://www.act.org/research/policymakers/pdf/retain_2012.pdf

²⁷ Chen, R. (2012). Institutional Characteristics and College Student Dropout Risks: A Multilevel Event History Analysis. *Research in Higher Education*, 53(5), 487-505.

²⁸ Complete enrollment data for the 2011–12 school year were unavailable, so we were only able to track enrollment retention from the 2009–10 to 2010–11 academic year.

²⁹ Credits transfer to an upper division institution, see http://www.sbctc.ctc.edu/college/e_transfer.aspx

³⁰ Appendix 2 includes retention rates by institution for the students entering during the 2009–10 academic year.

Exhibit 14
One Year Retention for Freshmen State Need Grant Students by Sector
Entering Fall 2009–10 Academic Year

| Sector | First Time Freshmen (Fall Enrollment) | Re-Enrolled Fall Sophomore Year (retained) | Received State Need Grant as Sophomore |
|--|---------------------------------------|--|--|
| Public Four-Year Research | 1,672 | 1,527 (91%) | 1,175 (70%) |
| Public Four-Year Regional ^a | 847 | 705 (83%) | 453 (53%) |
| Private Four-Year | 594 | n/a ^b | 359 (60%) |
| Public Two-Year (CTC) Academic Transfer ^c | 2,656 | 1,560 (59%) | 1,152 (43%) |
| Public Two-Year (CTC) Workforce Education ^c | 2,492 | 1,500 (60%) | 1,203 (48%) |

Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study and institutional enrollment records

^a Excludes Central Washington University

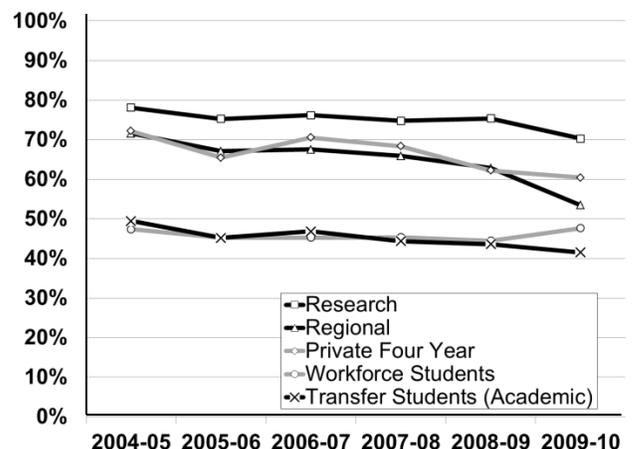
^b Data requested by researcher did not include necessary detail to calculate subsequent enrollment. Results will be included in final evaluation report.

^c Includes degree-seeking students that entered a community college with 45 or fewer credits during the first quarter.

When previous cohorts of entering State Need Grant freshmen (2004–08) were analyzed, the one-year retention rates were similar to the rates for the 2009 cohort (presented in Exhibit 14). During this period, however, there has been a decrease in the percentage of students that received a State Need Grant in the year after freshman enrollment. As Exhibit 15 shows, in 2004, over 70% of freshman students in four-year universities enrolled as sophomores *and* received a State Need Grant for a second year. By 2009, this rate declined by 10-20 percentage points.

The relationship between financial aid and student persistence over time will be examined in more detail in our final evaluation report. The last section of this report discusses college affordability in Washington State and differences in need-based aid programs for states outside Washington.

Exhibit 15
Percent of Freshman Students with a State Need Grant who received a Grant in Sophomore Year



Source: WSAC State Need Grant and Unit Record Dataset for institutions participating in WSIPP study

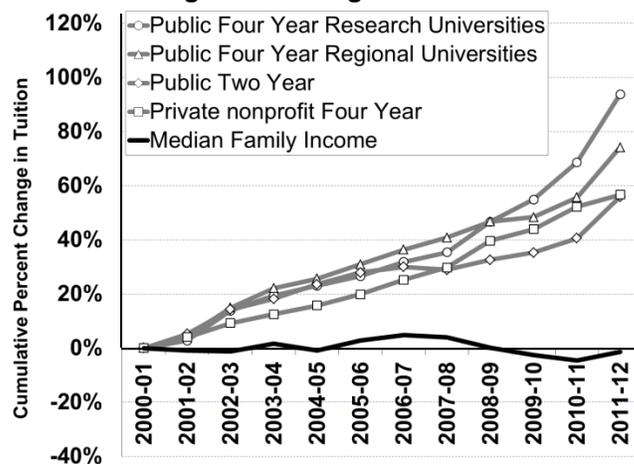
SECTION III: STUDENT FINANCIAL NEED, COLLEGE AFFORDABILITY AND STATE POLICY

Financial assistance programs such as the State Need Grant are meant to keep college affordable in order to provide greater opportunity for lower income students to attend college.³¹ This section takes a wider view of the role of state financial aid policy by looking at how the overall cost of college has changed over time, and how that cost impacts families at different income levels. The legislative direction for this study directs the Institute to “provide a comparison of Washington’s State Need Grant program to similar programs in other states.” This section also highlights state need policies in selected states and outlines student financial support in Washington relative to similar states that offer need-based aid.

HOW HAS THE COST OF ATTENDING COLLEGE CHANGED OVER TIME?

Over the last 10 years, college tuition at Washington’s public four-year universities has increased an average of 9% annually. When compared to inflation-adjusted tuition levels from 2000–01, current tuition (in the 2011–12 academic year)³² is 94% higher in public four-year research universities, 74% higher in public regional universities, 57% higher in private non-profit four-year universities, and 56% higher in two-year community colleges (Exhibit 16). During this period, the MFI stayed constant, after adjusting for inflation.

Exhibit 16
Resident Undergraduate Tuition Growth in Washington State Higher Education



| Sector | Tuition and Fees (2000–01) | Tuition and Fees (2011–12) |
|---------------------------------|----------------------------|----------------------------|
| Public Research | \$3,984 | \$9,993 |
| Public Regional | \$3,092 | \$6,969 |
| Private Four-Year | \$15,597 | \$31,618 |
| Community and Technical College | \$1,756 | \$3,542 |

Source: Median Household Income Estimates by County: 1989 to 2010. Washington State Office of Financial Management (October 2011). Resident undergraduate tuition levels from Integrated Postsecondary Education Data System (IPEDS) Delta Cost Project Database and Washington Student Achievement Council (2010–11 and 2011–12). All costs adjusted to 2012 dollars using CPI-U.

HOW DO TUITION COSTS IMPACT STUDENTS AND FAMILIES AT DIFFERENT INCOME LEVELS?

Students (and their families) generally use grants, loans, and current income to meet the rising costs of attending college. Even after grant assistance, however, the proportion of a family’s income that would be dedicated to paying for college remains significantly higher for low-income families. We used data from the National Postsecondary Student Aid study to illustrate the relative cost of attending Washington colleges, after considering average grants and expected family contributions (next page).

³¹ RCW 28B.92.010

³² There was also a 12-15% annual increase in tuition at public sector institutions in 2012–13. Comparable tuition rates at private non-profit colleges were not available for this latest year, rates are included through 2011-12.

Exhibit 17
Percent of Family Income Needed to Pay for College
by Income Level and Family Type (Washington State 2008)

Dependent Students – Public Four-Year (Full-Time)

| | A | B | C | D | E=B-C-D | F=(B-D)/A |
|---------------------------|--|---|---|-------------------------|--|---|
| Parental Income | Avg Adjusted Gross Income (AGI) | Avg Cost of Attendance (tuition plus expenses) | Avg Expected Family Contribution (EFC) | Avg Total grants | Unmet Need (after EFC and grants) | Percent Income Required to Pay for College after Grant Aid |
| Less than \$36,000 | \$15,827 | \$16,559 | \$2,181* | \$7,613 | \$6,765 | 57% |
| \$36,000-66,999 | \$49,213 | \$17,354 | \$6,306 | \$2,594 | \$8,454 | 30% |
| \$67,000-104,999 | \$82,482 | \$17,762 | \$15,968 | \$1,813 | \$(19) | 19% |
| \$105,000 or more | \$135,425 | \$17,671 | \$31,775 | \$814* | \$(14,918) | 12% |

Dependent Students – Private Four-Year (Full-Time)

| | A | B | C | D | E=B-C-D | F=(B-D)/A |
|---------------------------|--|---|---|-------------------------|--|---|
| Parental Income | Avg Adjusted Gross Income (AGI) | Avg Cost of Attendance (tuition plus expenses) | Avg Expected Family Contribution (EFC) | Avg Total grants | Unmet Need (after EFC and grants) | Percent Income Required to Pay for College after Grant Aid |
| Less than \$36,000 | ∅ | ∅ | ∅ | ∅ | ∅ | ∅ |
| \$36,000-66,999 | \$52,153 | \$34,745 | \$9,419 | \$13,238 | \$12,088 | 41% |
| \$67,000-104,999 | \$85,379 | \$31,434 | \$13,799 | \$7,242 | \$10,393 | 28% |
| \$105,000 or more | \$144,720 | \$32,666 | \$38,807 | \$6,951 | \$(13,092) | 18% |

Independent Students – Public Two-Year (Full-Time)

| | A | B | C | D | E=B-C-D | F=(B-D)/A |
|--|--|---|---|-------------------------|--|---|
| Independent Student and Spouse Income | Avg Adjusted Gross Income (AGI) | Avg Cost of Attendance (tuition plus expenses) | Avg Expected Family Contribution (EFC) | Avg Total grants | Unmet Need (after EFC and grants) | Percent Income Required to Pay for College after Grant Aid |
| Less than \$11,000 | \$5,175 | \$12,929 | \$198 | \$3,809 | \$8,922 | 176% |
| \$11,000-25,999 | \$17,978 | \$15,045 | \$2,265 | \$2,765 | \$10,015 | 68% |
| \$26,000-48,399 | \$33,170 | \$13,277 | \$3,400 | \$2,057 | \$7,820 | 34% |
| \$48,400 or more | \$67,628 | \$12,191 | \$14,619 | \$568* | \$(2,996) | 17% |

* Standard error represents more than 30% of estimate, interpret with caution.

Source: U.S. Department of Education, National Center for Education Statistics, 2007-08 National Postsecondary Student Aid Study (NPSAS:08). Computation by NCES PowerStats <<http://nces.ed.gov/datalab/powerstats>>.

Note: Dependency status and institutional sector selections were based on the most common student profiles that had a sample size sufficient for this analysis.

Exhibit 17 (previous page) shows income ranges for families with dependent children attending public and private four-year colleges in Washington. For very low income families (under \$36,000) with dependent children, public four-year college costs (after grants) represented 57% of annual family income. For the next income bracket (\$36,000-\$67,000), between 30% and 40% of family income would be dedicated to college costs in a public or private four-year institution.

College costs for low-income independent students enrolled in community and technical colleges also represent a relatively larger share of family income, after considering grant aid. For independent students with incomes between \$11,000 and \$26,000, net college costs were 68% of family income, while in the next income bracket (\$26,000-\$48,400), 34% of family income was required for college costs.

A number of other factors influence the relative affordability of college across income levels, including family savings, assets, scholarships, tax credits, and student earnings. Low-income students must typically rely on family support, grants, and loans to pay for school. Working during college can help students offset tuition costs as well. Compared to prior decades, an increasing number of work hours at minimum wage are now required to meet the cost of attending college (see Appendix 3 for discussion).

With the rising cost of tuition relative to wages and earnings, there is an increasing importance on programs like the State Need Grant in helping maintain college access. The remainder of this report examines how Washington is meeting student financial need compared to other states. Need-based aid policies in selected states are also highlighted.

HOW MANY STATES OFFER NEED-BASED FINANCIAL AID?

States typically offer two kinds of state grant programs: need-based and merit-based. “Need-based” aid is for economically disadvantaged students, and “merit-based” aid rewards student performance (using measures such as grade point average or standardized test scores), regardless of financial need.³³

Nationally, student financial circumstances were considered in 71% of total state grant aid awarded in 2010–11.³⁴ The level of need-based aid varied by state, ranging from 100% of state grant aid for undergraduates in 14 states to less than 10% in three states and the District of Columbia.³⁵ Washington can be characterized as a “high need-based aid” state, with 98% (\$231 million) of its grant dollars based on need (Exhibit 18).

Exhibit 18
Grant Aid by Type, 2010–11

| | Washington | National Total |
|-----------------------------|---------------|----------------|
| Need-Based Aid | \$231 million | \$6.5 billion |
| % of State Grant Aid | 98% | 71% |
| Non Need-Based Aid | \$3.7 million | \$2.7 billion |
| % of State Grant Aid | 2% | 29% |
| Total Grant Aid | \$234 million | \$9.2 billion |

Source: National Association of State Student Grant and Aid Programs (NASSGAP). (2012). *42nd annual survey report on state-sponsored student financial aid: 2010-2011 academic year*. Springfield, IL: Author.

³³ McBain, L. (2011). *State need-based and merit-based grant aid: Structural intersections and recent trends*. Washington DC: American Association of State Colleges and Universities.

³⁴ National Association of State Student Grant and Aid Programs (NASSGAP). (2012). *42nd annual survey report on state-sponsored student financial aid: 2010–2011 academic year*. Springfield, IL: Author.

³⁵ Baum, S., & Payea, K. (2012). *Trends in student aid 2012*. Washington DC: The College Board. These percentages are based on state grant aid for which students' financial circumstances were considered.

In total dollar terms, most need-based aid is concentrated in 10 states (California, Texas, New York, Illinois, Pennsylvania, New Jersey, North Carolina, Indiana, Florida, and Washington), which cumulatively accounted for 75% (\$4.8 billion) of need-based aid expenditures in 2010–11.³⁶

With the exception of Florida, these states also rank at the top in terms of need-based aid per full-time equivalent undergraduate student. The comparison of state financial aid policies presented here focuses on these ten states that have prioritized need-based aid on a per-student basis, similar to Washington’s State Need Grant program (Exhibit 19).

Exhibit 19
Need-Based Grant Aid per FTE Undergraduate Student and Primary Need Grant Programs, 2010–11

| State | Need-Based Dollars per FTE | Primary Need-Based Program(s) | Website |
|--------|----------------------------|---|--|
| 1. NJ | \$975.68 | Tuition Aid Grant | www.hesaa.org |
| 2. NY | \$948.60 | Tuition Assistance Program | www.hesc.ny.gov |
| 3. WA | \$829.21 | State Need Grant | www.wsac.wa.gov |
| 4. NC* | \$769.72 | Student Incentive Grant; State Contractual Scholarship; Community College Grant; UNC Need Based Grant | www.cfnc.org |
| 5. CA | \$735.53 | Cal Grants A, B, & C | www.calgrants.org |
| 6. IN | \$726.30 | Frank O’Bannon Grant | www.in.gov/ssaci |
| 7. IL | \$705.22 | Monetary Award Program | www.collegezone.com |
| 8. TX | \$681.71 | TEXAS Grant with S/LEAP | www.collegeforalltexas.com |
| 9. PA | \$638.87 | State Grant Program | www.pheaa.org |
| 10. VT | \$525.96 | Vermont Incentive Grant | www.vsac.org |

Source: National Association of State Student Grant and Aid Programs (NASSGAP). (2012). *42nd annual survey report on state-sponsored student financial aid: 2010–2011 academic year*. Springfield, IL: Author.

*The State Contractual Scholarship was replaced beginning in the 2012–13 school year by the North Carolina Need-Based Scholarship.

³⁶ NASSGAP, 2012

Policy Spotlight California's Cal Grants

California's Cal Grants programs consist of several different components, including need-based entitlement and competitive programs. Cal Grants A and B are awarded to students who meet financial need standards and graduate from high school or community college with a minimum grade point average. Cal Grant C is for students attending occupational, technical, and vocational programs. Expenditures for these programs have increased 85% over the past four years, "closely following the rate of increase in public university tuition." In 2011-12, the program served an estimated 244,000 students at a cost of more than \$1.5 billion.

California Governor Jerry Brown advocated several changes to the programs in his 2012 budget proposals. The governor cited the programs' size and rapid growth as reasons to explore "options to reduce costs in targeted ways." The Governor's proposals focused on institutional performance standards and an effort to "focus financial aid on...students demonstrating a high likelihood of completing their degrees or programs." A few of the Governor's proposals are discussed below, followed by changes enacted into law in the state's recent budget.

Proposed Changes

Institutional Performance: This change would restrict the Cal Grant Program to institutions that meet a graduation rate standard of 30% and a student loan default rate maximum of 15% (calculated as "the percentage of an institution's borrowers who, upon entering student loan repayment, default within three years"). Institutions in which less than 40% of students borrowed federal loans (such as many community colleges) would be exempt from this change. Institutions who fail to meet either standard would be prohibited from participating in the Cal Grant program for one year. This change was opposed by several institutions. An analysis by California's Legislative Analyst's Office (LAO) outlined the merits of focusing on "institutional performance, instead of institution type," but noted that the approach could also reduce postsecondary access.

Reduced Awards for Private Institutions: Cal Grant awards are fixed at \$9,708 for students attending private institutions. The Governor's proposal would reduce the amount to be in line with awards received by students attending the California State University system, and would be capped at \$5,572 for students attending non-profit private schools and \$4,000 at for-profit schools. The Governor estimates the change would affect 46,000 students and save \$171 million. The LAO noted that the proposal's linkage of private and public award amounts fails to consider the base funding provided to public institutions, and that the proposal "could depress overall college attendance and completion rates."

Prorated awards based on Federal Pell Grant: This proposal would peg the Cal Grant award amount to the student's Pell award. For example, "A student eligible for half the maximum Pell Grant...would receive half the maximum Cal Grant award." The Governor notes this would not affect 63% of the neediest students, and only "students with lower costs of attendance and/or higher family incomes" would receive a reduced award. The LAO recommended that this proposal "should be part of larger reform with more time for deliberation."

Enacted Changes

In June 2012, California enacted the following changes into law: 1) institutions must maintain graduation rates of 30% and default rates below 15.5%; 2) all Cal Grant awards reduced by 5%; 3) awards at private for-profit schools capped at \$4,000 for 2013-14; and 4) awards at non-profit private schools capped at \$9,084 in 2013-14 and \$8,056 in 2014-15.

Sources: California Department of Finance. (2012). *California state budget summary 2012-13*. Sacramento, CA: Author.; California Department of Finance. (2012). *Governor's revised budget summary 2012-13*. Sacramento, CA: Author.; Taylor, M. (2012). *The 2012-13 budget: Analysis of the Governor's higher education proposal*. Sacramento, CA: Legislative Analyst's Office.; Legislative Analyst's Office. (2012). *Assessment of governor's May revision proposals: Financial aid*. Sacramento, CA: Author.

HOW DOES STATE NEED-BASED GRANT SUPPORT COMPARE TO TUITION LEVELS?

In public two-year institutions, the average Washington State Need Grant recipient was awarded \$1,549, trailing only New York (\$2,161) and Indiana (\$1,676) (Exhibit 20a). The percentage of tuition and fees covered by the average award in Washington was 46%, ranking fifth among the ten similar programs, trailing California, Texas, New York, and Indiana.³⁷ Although the average awards in both Texas (\$1,526) and California (\$1,245) were slightly below Washington State, each state's tuition and fees for two-year public colleges were significantly lower. For example, California's average award covered more than 152% of the \$819 in average tuition and fees.

In public four-year institutions (Exhibit 20b), Washington State ranked third in both the absolute dollar amount of the average award (\$5,026) and in the ratio of tuition and fees covered by the award (61%). Washington State also ranked third among these ten similar programs in the average award (\$6,131) and the ratio of tuition and fees covered (20%) by the award at private four-year institutions, trailing California and New Jersey on both measures (Exhibit 20c).

Exhibit 20a
Average Enrollment Weighted Tuition and Fees and Average Need-based Grant per Recipient
Public Two-Year Institutions, 2010–11

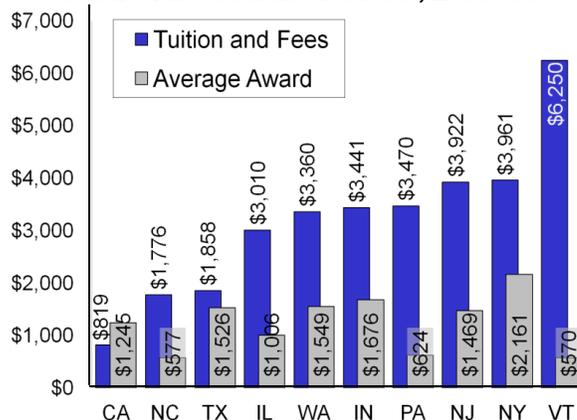


Exhibit 20b
Public Four-Year Institutions, 2010–11

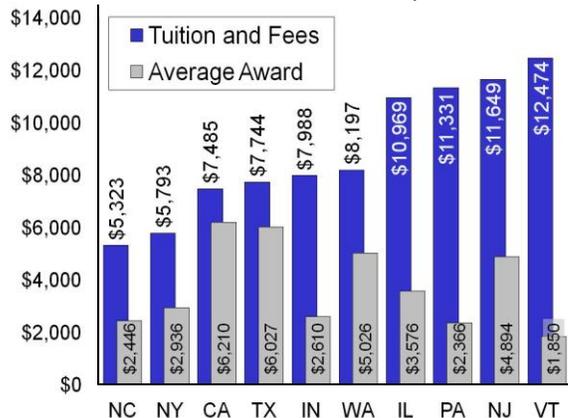
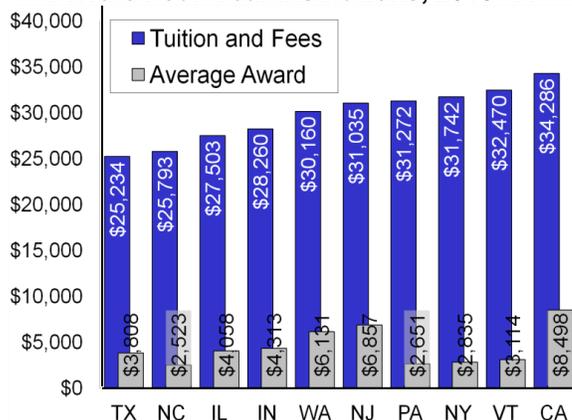


Exhibit 20c
Private Four-Year Institutions, 2010–11



Source: Exhibits 20a-c are WSIPP calculations based on data from: Ma, J., & Baum, S. (2012). *Trends in tuition and fees, enrollment, and state appropriations for higher education by state*. Washington, D.C.: College Board.; and, NASSGAP. *Repository: Annual Surveys.*

Note: California includes Cal Grant B only; North Carolina includes Community College Grant only in Exhibit 20a, the UNC Need-Based Grant only in Exhibit 20b, and the State Contractual Scholarship in Exhibit 20c.

³⁷ In Washington State, the *maximum* State Need Grant award is intended to cover 100% of the average tuition and fees by sector for two- and four-year public institutions. See page 5 of this report for additional details.

Policy Spotlight

Indiana's Frank O'Bannon Grant

Indiana's Frank O'Bannon Grant (FOB) is awarded to all financially eligible students attending full-time programs. The awards are capped on a per student basis to reduce the impact on the state budget. Over the past five years, the number of recipients increased more than 42%, while expenditures increased 2%. As a result, the average award declined by more than 28% to \$2,596 per recipient, while average tuition and fees rose more than 23% at four-year public institutions and 16 % at public two-year schools.

In 2012, Indiana adopted a new strategic plan for higher education with three goals: 1) increase on-time graduation rates to at least 50% at four-year schools and 25% at two-year schools by 2018; 2) double the number of degrees and certificates produced by 2025; and 3) increase the percentage of adults with some form of post-secondary credential to 60% of the state's population by 2025. To help them meet these goals, the state commissioned an evaluation of their financial aid programs with a focus on "student success and completion." The final report included the following findings and recommendations.

Findings

- In the state of Indiana, larger financial aid awards are positively correlated with greater persistence in college, especially for students with high levels of need.
- The Frank O'Bannon Grant was positively correlated with degree completion and retention. Since 2003, students receiving the FOB have a 9% higher retention rate and a 6% higher six-year graduation rate than the overall student body. This may be due to the program's requirement that students attend full-time, as non-recipients include both full- and part-time students.
- For students with high levels of need, each additional \$1,000 of aid is associated with a 3.5% increase in retention rate and a 2% increase in the completion rate, while additional aid for students with little or no need has no statistically significant impact.

Indiana Student Assistance Commission Recommendations to Promote Increased Student Success

- Students who receive academic honors currently receive a 20% bonus in their award calculations (a base of 100% of tuition and fees compared to 80% for students who earn a standard diploma). The report recommends changing the program to provide a specific bonus award amount (such as \$750) for students who receive academic honors, rather than using a percentage of tuition that may look like penalties for student who earn other diploma types.
- In addition, the report recommends limiting the academic honors bonus to freshmen only rather than providing the bonus over the life of the grant. The report argues that the savings could be used to incentivize credit completion and on-time progress for continuing students. This "makes performance incentives immediate, renewable, and tied to the state's degree goals, so the money can motivate current behavior."
- The report recommends that the state set "simple, round-number minimum and maximum" award amounts by sector, rather than linking to tuition and fees, and increase or decrease awards by increments of \$100. This will "make the program more transparent and prevent community colleges from having to repackage aid if tuition changes." In addition, simplified award calculations make it "easier to communicate what students are likely to receive" and will assist in outreach and engagement efforts.

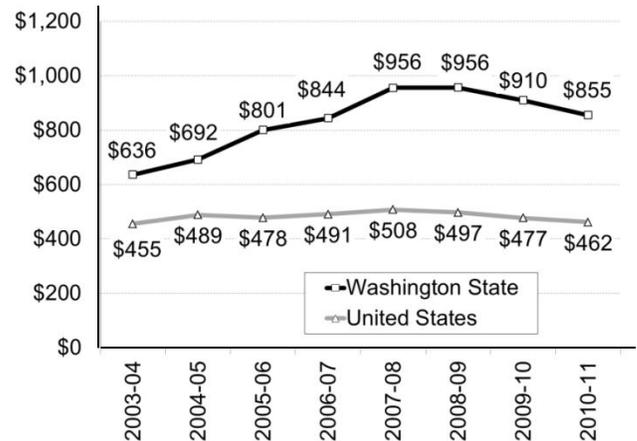
Sources: State Student Assistance Commission of Indiana. (2012). *Activity and program report for academic year 2011–2012*. Indianapolis, IN: Author.; Johnson, N., & Yanagiura, T. (2012). *Evaluation of Indiana's financial aid programs and policies*. Washington DC: HCM Strategists.; Indiana Commission for Higher Education. (2012). *Reaching higher, achieving more: A success agenda for higher education in Indiana*. Indianapolis, IN: Author.

HOW HAVE STATES' NEED-BASED AID POLICIES CHANGED OVER TIME?

While the majority of national student aid expenditures are need-based, the recent trend in many states has been to shift state grant funding toward merit-based aid. Nationally, the percentage of state aid funding based on financial need dropped from 76% in the 2000–01 school year to 71% 10 years later.

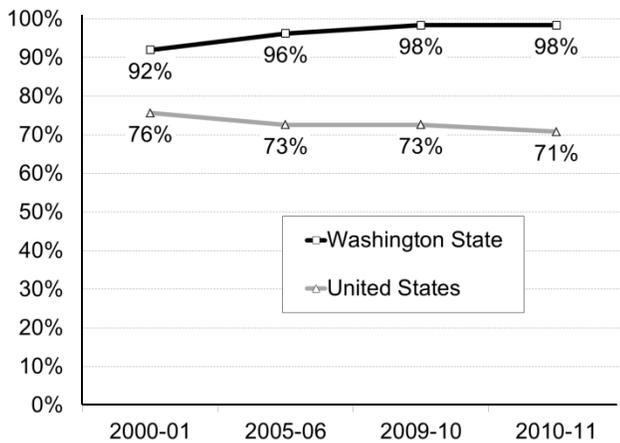
This trend is opposite in Washington State. During the same time period; need-based aid as a percentage of all aid increased from 92% to 98% (Exhibit 21).³⁸ On a per-student basis, (inflation adjusted) need-based grant aid has been flat at the national level, but has increased by 34% in Washington State (Exhibit 22).

Exhibit 22
Need-based Grant Aid per Full-Time Equivalent Undergraduate Student



Source: WSIPP calculations based on National Association of State Grant Aid Programs Annual Survey Report on State-Sponsored Student Financial Aid, from 2003–04 through 2010–11.
Note: Totals have been adjusted for inflation.

Exhibit 21
Need-Based Aid as Percentage of Total Grant Aid



Source: NASSGAP, 2012.

³⁸ NASSGAP, 2012

Policy Spotlight

Texas' Toward Excellence, Access, and Success (TEXAS) Grant

In 2011, the TEXAS grant program budget declined by 10% for the first time since the grant was started. At the same time, the state faced a growing college-age population and an “influx of students from low-income families with few financial resources.” Over the past five years, there has been an 88% increase in the number of students eligible for the TEXAS grant. The combination of a rapidly increasing eligibility pool and a challenging state budget environment has led to an increasing number of unserved students, with an increase from 15% of eligible students in FY 2009 to a projected 41% in FY2012. The Texas Higher Education Coordination Board (Board) projects that only 18% of new eligible TEXAS grant students will receive an award in the 2014–15 biennium.

The state attempted to mitigate the shortfall in part by establishing a priority funding model in 2011. Beginning in fall 2013, newly eligible TEXAS grant students will be awarded priority status if they meet at least two of the following performance metrics in high school:

- *Advanced Academic Programs* includes 1) 12 hours of college credit through dual-enrollment or Advanced Placement classes; 2) more rigorous high school credits through the Distinguished Achievement High School Plan; or 3) graduating through the International Baccalaureate program.
- *Advanced Math* includes completing a math course beyond Algebra II.
- *Class Standing* includes 1) finishing in the top one-third of a graduating class; or 2) graduating with a 3.0 or greater GPA.
- *College Readiness* includes 1) satisfactory placement on state tests; or 2) a minimum score on other assessments such as the SAT or ACT.

In addition to priority funding for high performing students, the Texas Commissioner of Higher Education encouraged institutions to award all students a lower maximum award, set at \$5,000 for public four-year institutions, \$1,325 for community colleges, and \$2,500 for technical colleges, substantially lower than the current maximum rates of \$7,400 for public four-year institutions and \$2,400 for community colleges. The Board estimated that these changes could provide funding for 20% more new students.

In 2012, the Board released further legislative recommendations for the TEXAS grant designed to “allocate grant dollars as efficiently as possible in order to maximize persistence and success,” as well as “effectively and predictably reach more financially needy students regardless of the funding climate.” These recommendations include:

- Limit award amounts to cover tuition, fees, and books only, rather than attempt to cover the full cost of attendance.
- Require full-time enrollment of at least 12 credit hours.
- Limit award eligibility to eight regular semesters, down from the current limit of 150 credit hours (approximately 10 semesters).
- Limit awards to university students only, and shift funding for community college students into a separate program.

In addition to these changes to the grant program, the Board recommended basing 10% of state funding for institutions on “outcomes-based” performance measures, capping the total number of credit hours for associate’s degrees at 60, and charging out-of-state tuition to students who take more than 135 credits in a 120 credit program. The Board estimates these changes could extend aid to as much as 95% of eligible students, although with lower average awards.

Sources: Texas Higher Education Coordinating Board. (2012). *Overview: TEXAS grant*. Austin, TX: Author.; Texas Higher Education Coordinating Board. (2012). *Legislative priorities for the 83rd Texas legislature*. Austin, TX: Author; Texas Higher Education Coordinating Board. (2012). *Expanding access to TEXAS grants: A proposal to leverage TEXAS grants to cover academic charges for more needy students*. Austin, TX: Author; Texas Higher Education Coordinating Board. (2012). *Legislative recommendations: 83rd Texas legislature*. Austin, TX: Author.

DO STATES EMPHASIZE OTHER CRITERIA IN ADDITION TO NEED?

In addition to financial eligibility requirements, some states we reviewed also have performance criteria that must be met in order to receive aid.

Texas requires students to meet certain performance benchmarks before they are eligible for awards. Students in the state must complete the “Recommended High School Program” requirements, which include four credits each of language arts, mathematics, science, and social studies, plus additional credits in other subjects.³⁹

Two of California’s state-based financial aid programs have GPA requirements. The Cal Grant A entitlement award is restricted to students with at least a 3.0 GPA, while the Cal Grant B entitlement program (designed to serve students “from disadvantaged or low-income families”) requires a GPA of 2.0.⁴⁰ (The Cal grant C award is for students attending occupational, technical, and vocational programs and is completely need-based).

Indiana’s Frank O’Bannon Grant provides performance incentives designed to encourage student success with awards based in part on a student’s performance in high school. Students with a standard high school diploma receive an award calculated using 80% of tuition and fees. Students with the more rigorous “Core 40” diploma and a GPA of at least 2.0 are eligible for an award based on 90% of tuition and fees, while students with academic honors are eligible for 100%.⁴¹

WHAT SECTORS DO STATE NEED-BASED GRANTS SUPPORT?

Texas is the only state of the ten reviewed that restricts primary need-grant funds to public institutions.⁴² Of the remaining nine programs, expenditures distributed to private institutions were lowest in Washington State at 12% and highest in Illinois at 41% (Exhibit 23). The allocation of grant funding is also related to enrollment distributions. Of these nine states, the percentage of recipients attending private institutions ranged between 4% in California and 36% in New York (Exhibit 24, next page).

Washington ranked highest in the percentage of funds distributed to public two-year institutions (34%), followed by New York at 21% and Indiana at 16%. The percentage of recipients attending two-year institutions was 62% in Washington, far more than second place California at 43%.

Exhibit 23
Distribution of Primary Need-Grant Funds in 2010–11, by Sector

| State | Four-Year Public | Two-Year Public | Four-Year Private | Proprietary |
|-------|------------------|-----------------|-------------------|-------------|
| CA | 68% | 7% | 16% | 9% |
| IL | 40% | 13% | 41% | 6% |
| IN | 46% | 16% | 32% | 6% |
| NJ | 55% | 13% | 29% | 3% |
| NY | 39% | 21% | 39% | 1% |
| NC* | 71% | 8% | 21% | 0% |
| PA | 47% | 4% | 33% | 14% |
| TX | 88% | 12% | 0% | 0% |
| VT | 42% | 2% | 25% | 3% |
| WA | 51% | 34% | 12% | 3% |

³⁹ See www.collegeforalltexas.com for more information.

⁴⁰ Cal Grant C does not have a GPA requirement. For more information see: California Student Aid Commission. (2010). *Cal Grant program manual*. Rancho Cordova, CA: Author.

⁴¹ For more information, see <http://www.in.gov/ssaci/2390.htm>.

⁴² North Carolina created a need-based program specifically for private institutions in 2011 (the North Carolina Need Based Scholarship) which replaced the State Contractual Scholarship. For more information see http://www.cfnc.org/paying/schol/info_schol.jsp.

Exhibit 24
Distribution of Primary Need-Grant Recipients in
2010-11, by Sector

| State | Four-Year Public | Two-Year Public | Four-Year Private | Proprietary |
|-------|------------------|-----------------|-------------------|-------------|
| CA** | 46% | 43% | 4% | 8% |
| IL | 30% | 36% | 28% | 6% |
| IN | 47% | 25% | 19% | 9% |
| NJ | 44% | 36% | 16% | 4% |
| NY | 37% | 27% | 36% | 1% |
| NC* | 58% | 26% | 16% | 0% |
| PA | 41% | 14% | 25% | 12% |
| TX | 65% | 35% | 0% | 0% |
| VT | 37% | 7% | 13% | 2% |
| WA | 29% | 62% | 6% | 4% |

* Includes all primary need-based programs.

** Includes Cal Grants B and C only.

Source: Exhibits 23 and 24 are WSIPP calculations from NASSGAP *Repository: Annual Surveys*.

Note: Totals do not add to 100 in PA and VT due to out-of-state students. NASSGAP defines "Proprietary" as all for-profit less than two-, two-, and four-year institutions. This definition differs from the WSAC definition of "Private Career" institutions used earlier in this report.

HOW DO INCOME AND ELIGIBILITY CRITERIA FOR NEED BASED GRANTS DIFFER BY STATE?

Among the 10 need-based programs reviewed, Washington, California and New York have caps on income and/or assets for eligible students. California has ceilings for both income and assets which are adjusted each year according to a cost of living calculation based on the state's per capita personal income. For the 2012–13 academic year, the asset ceiling was \$62,000 for dependent students and \$29,500 for independent students, while the income ceiling varied between \$29,400 and \$92,600 annually based on dependency status and family size.⁴³

New York's Tuition Assistance Program includes annual income cutoffs of \$80,000 of state taxable income for dependent students, or independent students with children. The income limits also include \$40,000 for married independent students and \$10,000 for

unmarried independent students with no children or other tax dependents.⁴⁴

The 10 states typically have eligibility limits of between four and five years, as measured by semesters attended or credits attempted.⁴⁵ All the states included in this review restrict funding to resident students only, although Pennsylvania and Vermont both provide funds to students attending out-of-state institutions.⁴⁶

Of the 10 states reviewed, primary need-grant awards are restricted to full-time students only in Indiana, New Jersey, New York, and Vermont; these states have separate programs for part-time students. Washington and Illinois are the only states that provide awards to students attending less than half-time, while Vermont is the only state that provides awards to graduate students.⁴⁷

⁴³ http://www.csac.ca.gov/facts/2012_13_income_ceilings_new_applicants.pdf.

⁴⁴ http://www.hesc.ny.gov/content.nsf/SFC/Award_Amounts_and_Income_Limits

⁴⁵ Washington Student Achievement Council. (Forthcoming). *State Need Grant Policy Review*. Olympia, WA: Author.

⁴⁶ NASSGAP. *Repository: Annual surveys*. Retrieved from www.nassgap.org. Some states also have inter-state agreements for resident students to attend college in bordering areas.

⁴⁷ NASSGAP. *Repository: Annual surveys*. Retrieved from www.nassgap.org.

Policy Spotlight Illinois' Monetary Award Program

The Monetary Award Program (MAP) in Illinois has faced budget pressures over the past few years which have resulted in an increase in unserved students, including an estimated 150,000 in FY 2011, representing about half of all eligible students. State support for need-based grants fell by 28% from 1999 to 2009, while the percentage of tuition and fees covered by MAP at four-year universities declined from 100% in FY 2002 to 48% in FY 2010. The Illinois Student Assistance Commission noted that need-based grant aid has “failed to keep pace with costs” and that “college became less affordable for every group of students” over the past 10 years.

In 2012, Illinois instituted a MAP Eligibility Task Force to address these issues by identifying program changes to increase student participation and degree completion. A 2010 study of the MAP program provided several options for law-makers to consider in lieu of increased funding for the program, but noted that changes may have adverse consequences. Several program options identified in the report are presented below:

- **Focus on access:** 48% of eligible students attend community college, but receive only 15% of MAP funds. The report argues that a “set aside” for these students could extend application cutoff dates and increase access, but would result in reduced awards to students in other institutions.
- **Restrict awards to public institutions only:** According to the report, this policy change may seem to increase access by focusing funds on students attending lower cost public schools, but may actually increase costs to the state, such as the loss of high-performing in-state students, increased operating and capital subsidies at public institutions, or reduced economic vitality in the communities in which private institutions are located.
- **Add merit or performance requirements:** A longitudinal evaluation found that recipients with less than a 2.5 GPA in high school did poorly in college regardless of the institution attended; 75% failed to acquire a postsecondary credential. However, the report states that using high school performance in the form of GPA or standardized tests would disadvantage students who attended low-performing high schools through “no fault of their own,” as well as independent students returning to school. The report argues a better alternative would be to tie eligibility to satisfactory completion of a college-preparation curriculum, combined with a focus on improving high schools. Similar programs have been implemented in Wisconsin and Oklahoma.
- **Require institutional performance goals:** While MAP recipients graduate at similar rates to their peers at each institution, the overall graduation rate could be improved in order to increase the state’s return on investment. According to the report, the state could require goals and hold institutions accountable for student success measures. Goals could focus on all students, as well as low-income students specifically, and could include measures of enrollment, retention, and graduation.
- **Move to “shared responsibility” model:** The report provides an option based on a model developed by the State of Oregon that emphasizes the student’s responsibility to contribute to their educational costs, while providing state support to fill financial gaps. Students provide a “first dollar” commitment tied to a specific dollar amount or percentage of tuition and fees, while the state provides a “last dollar” commitment to cover remaining need after accounting for student and federal contributions, including Pell Grants and tax deductions. While Oregon has reported increased enrollment due to the program, the change would be quite expensive in Illinois due to a high percentage of students with zero expected family contributions and high tuition and fees at public four-year universities. The report advises further studies to model the cost of the program.

Sources: Perna, L., Finney, J., & Callan, P. (2011). *A story of decline: Performance and policy in Illinois higher education*. Philadelphia, PA: University of Pennsylvania, Institute for Research in Higher Education.; Illinois Student Assistance Commission (2012). *Changes in affordability of a college education for Illinois community college and public university students FY2002–FY2011* (Agenda Item 4). Springfield, IL: Author.; Illinois Board of Higher Education. (2010). *A report on the efficiency and sustainability of the Monetary Award Program*. Springfield, IL: Author.

CONCLUSION

Washington State has had a longstanding commitment to provide financial assistance to students with demonstrated need. The State Need Grant was enacted in 1969 and offers substantial grant assistance to students attending college in Washington State. During the 2011–12 academic year, nearly 75,000 students received a State Need Grant.

In recent years, however, a growing number of students have qualified for, but were unable to receive, a State Need Grant. State budgetary pressures and increasing college enrollments have resulted in limits on the number of students that could be served by this program. These constraints are also occurring during a period of escalating tuition costs where students and their families are paying for a larger share of college expenses.

Given the changing landscape of higher education in Washington, the legislature has requested a re-examination of Washington State's model for need-based aid. This report outlines the changing profile of college students receiving a State Need Grant in Washington. This profile, and the policy discussion of models in other states, provides the necessary background for a more detailed evaluation on the outcomes of State Need Grant students. This evaluation, due in December 2013, will look at the impact of the State Need Grant on outcomes such as student access, enrollment and degree completion.

APPENDIX 1: STATE NEED GRANT STUDENTS AND AWARDS BY INSTITUTION (2010–11)

| Sector | Institution Name | Student Head Count (served) | Average Grant Award | Total Expenditures (millions) [†] |
|---|-------------------------------|-----------------------------|---------------------|--|
| Research | University of Washington | 7,833 | \$5,210 | \$40.8 |
| | Washington State University | 4,212 | \$6,045 | \$25.5 |
| | Total | 12,045 | \$5,502 | \$66.3 |
| Regional | Central Washington University | 2,925 | \$3,991 | \$11.7 |
| | Eastern Washington University | 2,641 | \$4,503 | \$11.9 |
| | The Evergreen State College | 1,315 | \$4,607 | \$6.1 |
| | Western Washington University | 2,081 | \$4,574 | \$9.5 |
| | Total | 8,962 | \$4,367 | \$39.1 |
| | Private Four-Year | Antioch University | 75 | \$4,698 |
| <i>Bastyr University</i> | | | | |
| Cornish Institute | | 133 | \$7,094 | \$0.9 |
| <i>DigiPen Institute of Technology</i> | | | | |
| Gonzaga University | | 389 | \$6,534 | \$2.5 |
| Heritage University | | 520 | \$5,924 | \$3.1 |
| Northwest University - Kirkland | | 181 | \$5,881 | \$1.1 |
| <i>Northwest College of Art - Poulsbo</i> | | | | |
| Pacific Lutheran University | | 725 | \$5,479 | \$4.0 |
| Saint Martin's University | | 258 | \$6,345 | \$1.6 |
| Seattle Pacific University | | 414 | \$6,464 | \$2.7 |
| Seattle University | | 474 | \$6,277 | \$3.0 |
| University of Puget Sound | | 125 | \$7,074 | \$0.9 |
| Walla Walla University | | 129 | \$6,121 | \$0.8 |
| Whitman College | | 66 | \$6,628 | \$0.4 |
| Whitworth University | | 401 | \$5,995 | \$2.4 |
| Total | | 3,890 | \$6,108 | \$23.8 |
| Community/Technical College | | Bates Technical College | 481 | \$1,653 |
| | Bellevue College | 1,255 | \$1,459 | \$1.8 |
| | Bellingham Technical College | 801 | \$1,656 | \$1.3 |
| | Big Bend Community College | 1,001 | \$1,466 | \$1.5 |
| | Cascadia Community College | 309 | \$1,535 | \$0.5 |
| | Centralia College | 1,056 | \$1,374 | \$1.5 |
| | Clark College | 2,655 | \$1,691 | \$4.5 |
| | Clover Park Technical College | 1,568 | \$1,554 | \$2.4 |
| | Columbia Basin College | 1,758 | \$1,380 | \$2.4 |
| | Edmonds Community College | 1,684 | \$1,635 | \$2.8 |
| | Everett Community College | 1,444 | \$1,457 | \$2.1 |
| | Grays Harbor College | 662 | \$1,793 | \$1.2 |
| | Green River Community College | 1,648 | \$1,395 | \$2.3 |
| Highline Community College | 1,321 | \$1,487 | \$2.0 | |

| Sector | Institution Name | Student Head Count (served) | Average Grant Award | Total Expenditures (millions) [†] |
|---|---|-----------------------------|---------------------|--|
| | Lake Washington Technical College | 784 | \$1,607 | \$1.3 |
| | Lower Columbia College | 1,482 | \$1,638 | \$2.4 |
| | North Seattle Community College | 837 | \$1,359 | \$1.1 |
| | Olympic College | 1,039 | \$1,732 | \$1.8 |
| | Peninsula College | 701 | \$1,530 | \$1.1 |
| | Pierce College | 1,555 | \$1,555 | \$2.4 |
| | Renton Technical College | 579 | \$1,389 | \$0.8 |
| | Seattle Central Community College | 1,721 | \$1,539 | \$2.6 |
| | Seattle Vocational Institute | 197 | \$1,484 | \$0.3 |
| | Shoreline Community College | 1,040 | \$1,557 | \$1.6 |
| | Skagit Valley College | 1,184 | \$1,411 | \$1.7 |
| | South Puget Sound Community College | 1,566 | \$1,325 | \$2.1 |
| | South Seattle Community College | 813 | \$1,461 | \$1.2 |
| | Spokane Community College | 4,025 | \$1,554 | \$6.3 |
| | Spokane Falls Community College | 2,622 | \$1,565 | \$4.1 |
| | Tacoma Community College | 2,178 | \$1,554 | \$3.4 |
| | Walla Walla Community College | 981 | \$1,567 | \$1.5 |
| | Wenatchee Valley College | 1,418 | \$1,643 | \$2.3 |
| | Whatcom Community College | 1,030 | \$1,514 | \$1.6 |
| | Yakima Valley College | 2,041 | \$1,466 | \$3.0 |
| | Total | 45,436 | \$1,531 | \$69.6 |
| Private Career and Private College | <i>Art Institute of Seattle</i> | | | |
| | <i>Everest College</i> | | | |
| | <i>Lucas Marc Academy</i> | | | |
| | <i>Divers Institute of Technology</i> | | | |
| | Gene Juarez Academy | 332 | \$1,997 | \$0.7 |
| | <i>Glen Dow Academy</i> | | | |
| | Interface College | 119 | \$1,799 | \$0.2 |
| | International Air & Hospitality Academy | 153 | \$1,682 | \$0.3 |
| | <i>ITT Technical Institute</i> | | | |
| | Northwest Indian College | 119 | \$1,992 | \$0.2 |
| | <i>Perry Technical Institute</i> | | | |
| | Total | 723 | \$1,897 | \$1.4 |
| Total | | 71,056 | \$2,816 | \$200.1 |

*Note: students may be included in multiple colleges, so total awards exceeds total student

† Does not include local funds

Italicized text: Programs in private career schools may not extend beyond one year. Therefore, Appendix 2a looks at the number of terms (beyond the initial term) where the student received a State Need Grant after admission.

**APPENDIX 2: ONE YEAR RETENTION RATES BY INSTITUTION
(2009–10 ENTERING FRESHMAN)**

| Sector | Institution Name | First Year Freshman (Fall) | Enrolled in Sophomore Year (Fall) | Received State Need Grant Sophomore Year (Fall) |
|---|-------------------------------|----------------------------|-----------------------------------|---|
| Research | University of Washington | 963 | 95% | 78% |
| | Washington State University | 709 | 86% | 59% |
| | Total | 1,672 | 91% | 70% |
| Regional | Central Washington University | * | * | - |
| | Eastern Washington University | 379 | 77% | 52% |
| | The Evergreen State College | 114 | 79% | 57% |
| | Western Washington University | 354 | 86% | 54% |
| | Total | 847 | 81% | 53% |
| | Private Four-Year | <i>Antioch University</i> | | |
| <i>Bastyr University</i> | | | | |
| Cornish Institute | | 23 | | 57% |
| <i>DigiPen Institute of Technology</i> | | | | |
| Gonzaga University | | 78 | | 82% |
| Heritage University | | 82 | | 44% |
| Northwest University - Kirkland | | | | |
| <i>Northwest College of Art - Poulsbo</i> | | | | |
| Pacific Lutheran University | | 111 | | 68% |
| Saint Martin's University | | 41 | | 51% |
| Seattle Pacific University | | 69 | | 64% |
| Seattle University | | 59 | | 39% |
| University of Puget Sound | | 47 | | 64% |
| Walla Walla University | | * | | * |
| Whitman College | | 19 | | 63% |
| Whitworth University | | 64 | | 63% |
| Total | | 593 | | 60% |
| Community/Technical College | Bates Technical College | 81 | 70% | 49% |
| | Bellevue College | 92 | 63% | 43% |
| | Bellingham Technical College | 55 | 73% | 51% |
| | Big Bend Community College | 153 | 65% | 46% |
| | Cascadia Community College | 53 | 66% | 42% |
| | Centralia College | 142 | 56% | 31% |
| | Clark College | 186 | 61% | 39% |
| | Clover Park Technical College | 14 | 64% | 57% |
| | Columbia Basin College | 264 | 55% | 38% |
| | Edmonds Community College | 152 | 61% | 44% |
| | Everett Community College | 133 | 58% | 47% |
| | Grays Harbor College | 45 | 71% | 49% |
| | Green River Community College | 203 | 58% | 43% |

| Sector | Institution Name | First Year Freshman (Fall) | Enrolled in Sophomore Year (Fall) | Received State Need Grant Sophomore Year (Fall) |
|--------|-------------------------------------|----------------------------|-----------------------------------|---|
| | Highline Community College | 200 | 63% | 45% |
| | Lake Washington Technical College | 60 | 73% | 58% |
| | Lower Columbia College | 98 | 63% | 51% |
| | North Seattle Community College | 66 | 52% | 35% |
| | Olympic College | 119 | 58% | 42% |
| | Peninsula College | 69 | 61% | 43% |
| | Pierce College | 112 | 62% | 38% |
| | Renton Technical College | 84 | 45% | 37% |
| | Seattle Central Community College | 246 | 56% | 44% |
| | Seattle Vocational Institute | 21 | 33% | 29% |
| | Shoreline Community College | 56 | 63% | 41% |
| | Skagit Valley College | 141 | 66% | 50% |
| | South Puget Sound Community College | 190 | 61% | 45% |
| | South Seattle Community College | 89 | 65% | 55% |
| | Spokane Community College | 636 | 53% | 45% |
| | Spokane Falls Community College | 362 | 58% | 44% |
| | Tacoma Community College | 251 | 65% | 57% |
| | Walla Walla Community College | 138 | 56% | 48% |
| | Wenatchee Valley College | 212 | 55% | 40% |
| | Whatcom Community College | 169 | 67% | 46% |
| | Yakima Valley College | 256 | 60% | 47% |
| | Total | 5,148 | 59% | 45% |

*Data unavailable for time period indicated

Italicized text: Programs in private career schools may not extend beyond one year. Therefore, Appendix 2a looks at the number of terms (beyond the initial term) where the student received a State Need Grant after admission.

APPENDIX 2A: NUMBER OF TERMS WITH STATE NEED GRANT IN FIRST YEAR BEYOND ADMISSION (ENTERING 2004–2008)

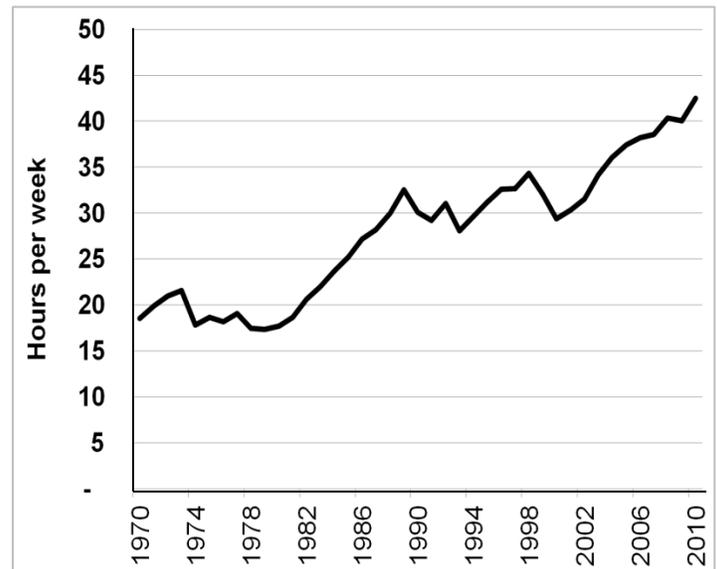
| Sector | Institution Name | Entering Students | State Need Grant for Two Terms | State Need Grant for Three or Four Terms |
|---|---|-------------------|--------------------------------|--|
| Private Career and Private College | Gene Juarez Academy | 145 | 54% | 38% |
| | Interface College | 195 | 41% | 17% |
| | International Air & Hospitality Academy | 69 | 58% | 22% |
| | Northwest Indian College | 88 | 22% | 57% |

APPENDIX 3: NUMBER OF HOURS OF WORK (PER WEEK) NEEDED TO PAY PUBLIC TUITION

| Year | Cost of Attend. | Min. Wage | Tax Rate | Real Wage | Hours/Year | Hours/week |
|------|-----------------|-----------|----------|-----------|------------|------------|
| 1970 | \$1,477 | \$1.60 | 4.20% | \$1.53 | 965 | 19 |
| 1971 | \$1,579 | \$1.60 | 4.60% | \$1.53 | 1,032 | 20 |
| 1972 | \$1,668 | \$1.60 | 4.60% | \$1.53 | 1,090 | 21 |
| 1973 | \$1,707 | \$1.60 | 4.85% | \$1.52 | 1,123 | 22 |
| 1974 | \$1,760 | \$2.00 | 4.95% | \$1.90 | 926 | 18 |
| 1975 | \$1,935 | \$2.10 | 4.95% | \$2.00 | 968 | 19 |
| 1976 | \$2,067 | \$2.30 | 4.95% | \$2.19 | 944 | 18 |
| 1977 | \$2,170 | \$2.30 | 4.95% | \$2.19 | 991 | 19 |
| 1978 | \$2,289 | \$2.65 | 5.05% | \$2.52 | 908 | 17 |
| 1979 | \$2,487 | \$2.90 | 5.08% | \$2.75 | 904 | 17 |
| 1980 | \$2,712 | \$3.10 | 5.08% | \$2.94 | 922 | 18 |
| 1981 | \$3,079 | \$3.35 | 5.35% | \$3.17 | 971 | 19 |
| 1982 | \$3,403 | \$3.35 | 5.40% | \$3.17 | 1,074 | 21 |
| 1983 | \$3,628 | \$3.35 | 5.40% | \$3.17 | 1,144 | 22 |
| 1984 | \$3,899 | \$3.35 | 5.70% | \$3.16 | 1,234 | 24 |
| 1985 | \$4,146 | \$3.35 | 5.70% | \$3.16 | 1,312 | 25 |
| 1986 | \$4,469 | \$3.35 | 5.70% | \$3.16 | 1,414 | 27 |
| 1987 | \$4,619 | \$3.35 | 6.06% | \$3.15 | 1,466 | 28 |
| 1988 | \$4,905 | \$3.35 | 6.06% | \$3.15 | 1,557 | 30 |
| 1989 | \$5,324 | \$3.35 | 6.06% | \$3.15 | 1,690 | 33 |
| 1990 | \$5,585 | \$3.80 | 6.20% | \$3.56 | 1,569 | 30 |
| 1991 | \$6,050 | \$4.25 | 6.20% | \$3.99 | 1,516 | 29 |
| 1992 | \$6,442 | \$4.25 | 6.20% | \$3.99 | 1,615 | 31 |
| 1993 | \$6,710 | \$4.90 | 6.20% | \$4.60 | 1,459 | 28 |
| 1994 | \$7,077 | \$4.90 | 6.20% | \$4.60 | 1,538 | 30 |
| 1995 | \$7,448 | \$4.90 | 6.20% | \$4.60 | 1,619 | 31 |
| 1996 | \$7,792 | \$4.90 | 6.20% | \$4.60 | 1,694 | 33 |
| 1997 | \$8,210 | \$5.15 | 6.20% | \$4.83 | 1,700 | 33 |
| 1998 | \$8,625 | \$5.15 | 6.20% | \$4.83 | 1,786 | 34 |
| 1999 | \$8,912 | \$5.70 | 6.20% | \$5.35 | 1,666 | 32 |
| 2000 | \$9,321 | \$6.50 | 6.20% | \$6.10 | 1,528 | 29 |
| 2001 | \$9,948 | \$6.72 | 6.20% | \$6.30 | 1,579 | 30 |
| 2002 | \$10,604 | \$6.90 | 6.20% | \$6.47 | 1,639 | 32 |
| 2003 | \$11,679 | \$7.01 | 6.20% | \$6.58 | 1,775 | 34 |
| 2004 | \$12,588 | \$7.16 | 6.20% | \$6.72 | 1,873 | 36 |
| 2005 | \$13,424 | \$7.35 | 6.20% | \$6.89 | 1,948 | 37 |
| 2006 | \$14,215 | \$7.63 | 6.20% | \$7.16 | 1,985 | 38 |
| 2007 | \$14,921 | \$7.93 | 6.20% | \$7.44 | 2,006 | 39 |
| 2008 | \$15,878 | \$8.07 | 6.20% | \$7.57 | 2,097 | 40 |
| 2009 | \$16,712 | \$8.55 | 6.20% | \$8.02 | 2,084 | 40 |
| 2010 | \$17,722 | \$8.55 | 6.20% | \$8.02 | 2,210 | 42 |

According to the National Center for Education Statistics, in 2010 the college employment rate ranged between 40% for full-time college students and 73% for part-time students.⁴⁸ Over time, the percentage of students that have worked during college has remained relatively unchanged. In the last 30 years, however, the ability of student earnings to meet the cost of college has steadily eroded.

In 1970, a student employed year-round at minimum wage could meet the costs of attending college by working 19 hours per week. Over time, as the costs of attending college increased, a greater number of working hours would be necessary to meet these costs. By 2010, a student employed year-round at minimum wage would need to work 42 hours per week to pay for tuition and expenses.

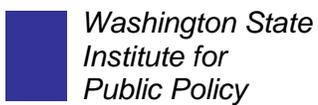


Source: Digest of Education Statistics Table 331. Average undergraduate tuition and fees and room and board rates charged for full-time students in degree-granting institutions. Washington Student Achievement Council, tuition reports. United States Department of Labor and Washington State Labor and Industries (minimum wage).

⁴⁸ See http://nces.ed.gov/programs/coe/indicator_csw.asp

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

Document No. 12-12-2301



The Washington State Legislature created the Washington State Institute for Public Policy in 1983. A Board of Directors—representing the legislature, the governor, and public universities—governs the Institute and guides the development of all activities. The Institute's mission is to carry out practical research, at legislative direction, on issues of importance to Washington State.