

Innovative Ideas for Need-Based Financial Aid in Wisconsin

State Need Grant

The major grant program for the
state of Washington

Presenters

- Wayne Sparks

Director of Student Financial Aid, Retired

- Washington State University
- University of Virginia
- Western Washington University

- John Klacik

Director or Associate Director of Student Financial Aid

- Washington Higher Education Coordinating Board
- Western Washington University
- Illinois Valley Community College

Our approach to this presentation

- To discuss what we think has made Washington's program successful in terms of generating state funding support as well as working with the institutional aid offices.
- To share some principles and some program features that have helped Washington's program get to where it is today.
- To recognize that no single state system is perfect. We are not promoting a single approach for how business is conducted. There are always trade-offs.

What is the State Need Grant (SNG)

The program has:

- An income based eligibility criteria
- A semi-decentralized delivery process
- Tuition sensitive award amounts
- Statewide equity
- A low administrative cost

General Comparisons Wisconsin to Washington

	Wisconsin	Washington
In General		
Population (2007)	5,601,000	6,468,000
Total state appropriated aid (2007-08)	\$110.3 million	\$237.7 million
Change in need based aid funding, 1998 - 2008	97%	192%
Research sector TF (2008-09)	\$7,569 (22nd)	\$6,697 (25th)
Major Grant Program (2007-08)		
\$\$ Awarded	\$92.1 million	\$181.2 million
# recipients	60,534	70,085
Maximum award amount	\$2,900	\$6,000
Average Award	\$1,521	\$2,585
Average dollars per enrolled undergraduate (FTE)	\$418.5	\$881.2

Sources: NASSGAP 39th Annual Survey
 2008-09 Tuition and Fee National Comparisons published by the Washington HECB

Comparison of Pell Funding to SNG Funding @
 Washington State University

year	\$\$ (in millions)		Recipients	
	Pell	SNG	Pell	SNG
2004-05	\$13.9	\$13.5	5,316	3,588
2005-06	\$13.2	\$17.1	4,977	4,342
2006-07	\$12.8	\$19.1	4,813	4,576
2007-08	\$14.4	\$21.6	5,140	5,010
2008-09	\$17.0	\$24.6	5,381	5,372

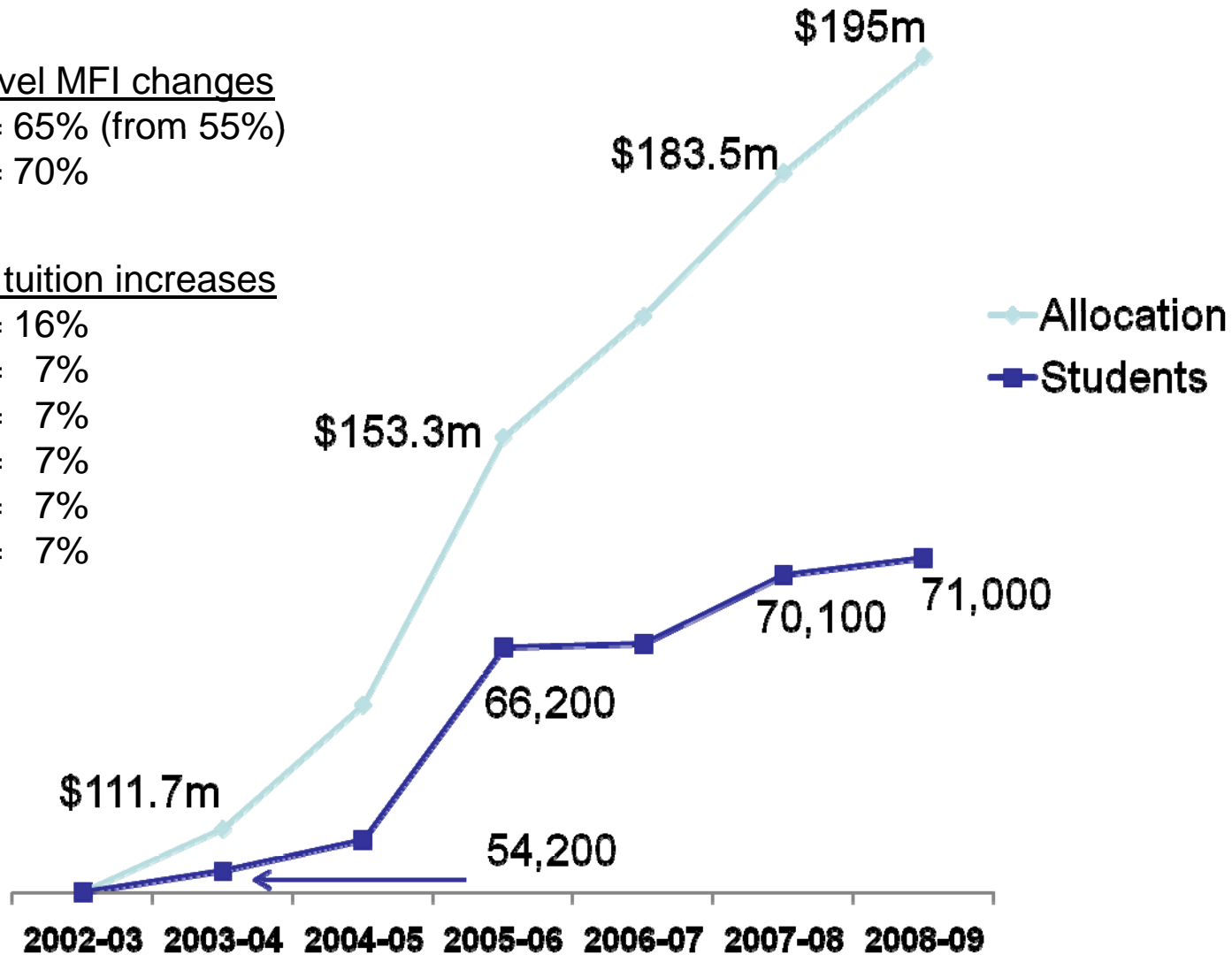
Overview of the State Need Grant (SNG)

- Funding
- Semi-decentralized delivery system
- Major policies and practices

State Need Grant Growth

Service level MFI changes
 2005-06 = 65% (from 55%)
 2007-08 = 70%

Research tuition increases
 2002-03 = 16%
 2003-04 = 7%
 2004-05 = 7%
 2005-06 = 7%
 2007-08 = 7%
 2008-09 = 7%



State Need Grant Funding Since 1985

Year	Appropriations (millions)	NASSGAP Rank (need-based grant dollars per undergraduate Enrollment)
1985	\$8	
1990	\$21	
1995	\$55	18 (1994 rank)
2000	\$87	14
2005	\$154	8
2010	\$212	3

1994 – WA rank is 18. WI rank is 17
 2005 – WA rank is 8. WI rank is 14
 2010 -- WA rank is 3. WI rank is 17

Guiding Principles that have helped

- Aid follows the student
 - Opportunity is equitably spread across the state
 - No special allotment for one sector relative to another
- Simple intuitive public eligibility criteria (MFI)
- Allow schools to be the ultimate coordinators of state, federal and institutional assistance
- Support state's educational access policy goals

State Need Grant (SNG)

Overview of WA's Major Grant Program

Semi-decentralized delivery process

- Schools make eligibility decisions based on centralized rules developed by the Board (the state).
- Schools receive a "reserve" early in the year that is theirs to commit to eligible students. Schools are responsible for fund management.

Fair share allocation formula – The SNG Model

- Intent is to distribute monies in such a way that all students have an equal opportunity to receive assistance.
- Requires quarterly reports from each institution about all eligible served students as well as all eligible but unserved students

Key Program Developments That Promote Funding

- **State Funding Goals**

- Funding goals are connected to Legislative actions
 - Public sector TF
 - FTE increases
- Development of a mantra – “hold the lowest income students harmless from TF increases, dollar-for-dollar”

- **Simplified Income based eligibility criteria**

- Although regular financial need is the primary criteria, the secondary rationing factor of “Median Family Income (MFI)” is better known
- Published and annually updated by U.S. Census Bureau (non-state source).

SNG From the School Perspective

- The role of a coordinating board
 - Represent needs to the legislature
 - Develop trust between schools and legislature that schools carry out state policy
- What is appreciated about current state system
 - Flexibility
 - Professional judgment permitted
 - Predictability
- What are the drawbacks (in a perfect world we would also have.....)

Other program keys

- Semi-decentralized process that mirrors centralized results
- Costing model that can be used by Legislative staff
 - Model based on actual indisputable documentation of student eligibility from schools
- Highly inclusive sector participation including private four-year and for-profit schools
- Low-cost state administration

Resources and References (Web Links)

- SNG Manual
<http://www.hecb.wa.gov/news/newsmanuals/documents/09-10CompleteSNGManual.pdf>
- SNG Statute and Rules
<http://apps.leg.wa.gov/rcw/default.aspx?cite=28B.92>
- 3.5% Institutional SFA requirement (see section 10)
<http://apps.leg.wa.gov/rcw/default.aspx?cite=28B.15.820>
- U.S. Census Bureau – MFI for 4 person family
<http://www.census.gov/hhes/www/income/4person.html>
- Pell institute for study of
Opportunity in Higher Education
www.pellinstitute.org
 - Demography is not destiny – study of increasing the graduation rates of low income students
 - Moving beyond access: College Success for low-income first generation students
- College Board – Rethinking Student Aid
<http://www.collegeboard.com/press/releases/199368.html>

Contact information

John Klacik

360-753-7851

johnk@hecb.wa.gov

Wayne Sparks

wsparks5@comcast.net

Additional Topics/Material

- *Policy derailment*
- *In depth about the SNG cost and fair share model*
- *Income Eligibility Criteria (MFI)*
- *Why aid programs differ from state to state*
- *Business Community boost in Washington*
- *Early Outreach and Awareness (no slide)*
 - *College Bound Scholarship / GEAR UP*
- *WSU Persistence/Retention (no slide)*

Derailing Policy

Where it can go wrong

- Inefficient administrative systems
 - Even good policy can look bad if the delivery system is inefficient
- Perception of unfairness
- Over stretching the simplified concept
- Balkanizing the program parts
 - Sector specificity
 - Favoring one type of student over another
 - adult worker re-training or unemployed
 - single parent or married parent
 - high demand occupations
- Cutbacks
 - Pits sector v sector for resources
 - WA is one of three states that has never reduced aid during any past recession. But, no state, including WA is immune.

The SNG Model

- Enables the de-centralized approach
- Based on verified, reconciled, data from schools.
indisputable information about total student eligibility
- Permits testing of a variety of scenarios
- Improves transparency
- Began relatively simply but has grown in complexity
as the Legislature has asked for increasingly complex
analyses
- Nicknamed “the beast” by staff who must maintain it

SNG Model

screen shot

2 SNG Model 09-11 Budget - JK version - reflecting all policies - Microsoft Excel

Security Warning Some active content has been disabled. Options...

J47

Preliminary Model For 2009-2011

Assumptions/Variables								Answers				
NOTE: Dark green cells denote variable cells								<i>Private Award is Equal to Public Research</i>				
Tuition and Fee Increase Assumption												
Year One Tuition Increase												
			0-50	51-55	56-60	61-65	66-70	71-75				
		% of IF covered										
	Maximum TF Increase	100%	100%	100%	100%	100%	100%	100%				
UV	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	\$	40,874,217		
WSU	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	\$	53,725,186		
CWU	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				
EWU	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				
TESC	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				
WVU	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				
CTC	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Year Two Tuition Increase												
			0-50	51-55	56-60	61-65	66-70	71-75				
		% of IF covered										
	Maximum TF Increase	100%	100%	100%	100%	100%	100%	100%				
UV	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				
WSU	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				
CWU	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				
EWU	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%				

Totals 0% - 50% MFI (100% of Award)			
	Year One	Year Two	Total
\$ For \$			
Total Cost to 50% MFI	\$ 174,094,967	\$ 193,081,981	\$ 367,176,948
Less Carryforward	\$ 193,758,000	\$ 193,758,000	\$ 387,516,000
Less Federal Match	\$ 1,222,827	\$ 1,222,827	\$ 2,445,654
Difference	\$ (20,885,860)	\$ (1,898,846)	\$ (22,784,706)

Served Students Excluded (Prorated)?	NO	Unserved Students Excluded (Prorated)?	YES
Totals at 5% increments ranging from 0- 70% MFI to 0-			
	Year One	Year Two	Total
\$ For \$			
Total Cost 55% MFI	\$ 185,967,798	\$ 206,264,372	\$ 392,232,170
Difference	\$ (9,013,029)	\$ 11,283,545	\$ 2,270,516
Total Cost 60% MFI	\$ 195,995,173	\$ 217,384,481	\$ 413,379,655
Difference	\$ 1,014,346	\$ 22,403,654	\$ 23,418,001
Total Cost 65% MFI	\$ 204,264,372	\$ 226,571,499	\$ 430,835,871
Difference	\$ 9,283,545	\$ 31,590,672	\$ 40,874,217
Total Cost 70% MFI	\$ 210,343,229	\$ 233,343,611	\$ 443,686,840

Assumptions and Answers | TF + Grant Changes | FTEs for Model | \$ for \$ | Pub 4 yr | 07-08 Recon. Data

Ready | 75% | 6:57 PM

Median Family Income

U.S. Census Bureau

Median Income for 4-Person Families, by State 2008

Washington	\$72,103
Wisconsin	\$71,064
U.S.	\$67,019

source: <http://www.census.gov/hhes/www/income/4person.html>

Median Family Income

2009-2010 MFI Chart for the SNG Program					
(rounded to nearest \$500)					
Family Size	50%	55%	60%	65%	70%
1	20,000	22,000	24,000	26,500	28,500
2	26,500	29,000	31,500	34,500	37,000
3	32,500	36,000	39,000	42,500	45,500
4	39,000	42,500	46,500	50,500	54,500
5	45,000	49,500	54,000	58,500	63,000
6	51,500	56,500	61,500	66,500	72,000
7	52,500	57,500	63,000	68,000	73,500
8	53,500	59,000	64,500	69,500	75,000
9	55,000	60,000	65,500	71,000	76,500
10	56,000	61,500	67,000	72,500	78,500

Why programs differ from state to state

- History
- Goals
- Issue areas
 - Church state
 - Private Colleges
 - For Profit Institutions
 - Workforce and Employment Issues
 - High Demand" worker needs
 - Unemployment and Worker Re-training
 - Diversity
 - Transfer
 - Graduate study
 - Merit
 - Response to special populations e.g., foster youth

Boost From the Business Community"

Late 1980's – Washington Roundtable Recommendation to substantially increase state SFA – the first kick start for the modern era of funding

1990's – Business participation on various panels and Commissions reaffirming the need for state SFA

2006 – WA Learns" commission with many business leaders recommends the College Bound Scholarship based on the Indiana 21st Century model