Joint Subcommittee on the Future Competitiveness of Virginia Higher Education

October 11, 2016

Lee Andes
Assistant Director for Financial Aid
“That college costs have increased tremendously is news to no one.”

“… loans, scholarships, and working are still the ways in which many of today’s college students finance their education, but the amount of money needed is unfortunately large, even in the less expensive colleges.”
Chill Behavior

Costs Might Impair Chances for College

By Frances L. Ilg, M.D., and Louise Ames, Ph.D.

That college costs have increased tremendously is news to no one. We can remember a time when fees at a small state coeducational college might come to little more than $500 a year. In fact, we have known of people who came to college freshman year with no more than $100 in cash, and got the rest through loans, scholarships, and working.

Well, loans, scholarships and working are still the ways in which many of today’s college students finance their education, but the amount of money needed is unfortunately large, even in the less expensive colleges. Frank H. Bowles, President of the College Entrance Examination Board, in his informative book “How To Get Into College” has the following to say about college expenses today:

“Q. What is the minimum amount of money on which a student can get by?

“A. Assuming that the student lives at home, spends minimum

money on recreation, entertainment, travel and none on fraternities or clubs, but does spend the average amount of money on health, clothes, grooming, laundry and incidentals, the amount would be about as follows:

- Public College: $965
- Low-cost private college: $965
- Medium-cost private college: $1465
- High-cost private college: $2000

“Q. Is there any difference in college costs by regions?

“A. Yes, very marked. Average costs for all students, public and private, in New England colleges came to $2,225; in the Middle West, $1,740; in the South, $1,800, and in the West, $1,700.

“Q. How much more does it cost a student to live at college than to live at home?

“A. Less than most people realize—the difference averages out to around $400.
“…discussion has raged about the question of the proportion of the cost of education that should be borne by the student. Tuition and other fees have been raised everywhere in greater or less degree, and there is probably not a single higher educational institution that today maintains the same charges to students that were maintained five years ago.”

“...discussion has raged about the question of the proportion of the cost of education that should be borne by the student. Tuition and other fees have been raised everywhere in greater or less degree, and there is probably not a single higher educational institution that today maintains the same charges to students that were maintained five years ago.”
“Higher education has long been growing more rational. Yet there is a widespread feeling of discontent with the present ideal of academic culture which sometimes degenerates into downright pessimism. It must be conceded that education costs too much time and too much money for the kind. ... Our average standard of attainment is very low, and the reason is plain — we have wasted our resources.”
George Howard, “The State University in America,” *The Atlantic*, March 1891

“Higher education has long been growing more rational. Yet there is a widespread feeling of discontent with the present ideal of academic culture which sometimes degenerates into downright pessimism. **It must be conceded that education costs too much time and too much money for the kind. ... Our average standard of attainment is very low, and the reason is plain — we have wasted our resources.**”
“… the student has taken on debt equivalent to a full year of his income…”

“At least a third of those who enroll in the first term do not make it to the last one.”
Barthélemy Maurice, 1841

“In general, at the end of six months in Paris, the student has taken on debt equivalent to a full year of his income… But not everyone is victorious in this combat, not everyone obtains that fortunate diploma, imagining that it is enough to have a diploma in his pocket, when he has neither a case to argue nor a patient to treat. At least a third of those who enroll in the first term do not make it to the last one. It is truly rare that those in that third make up for the time they’ve lost, that they blaze a trail in a useful career.”
Addressing Affordability

- 1643 – First scholarship at Harvard University
- 1940s – GI Bill passed in 1944
- 1950s – National scholarships established
- 1965 – 1st national need-based grant (now known as the “Pell grant”) and creation of national student loan (precursor to federal Stafford student loans)
- 1970s – Utilization of state subsidies and state financial aid
- 1990s – Growing reliance on student loans
Addressing Affordability

• 2000 - present:
  – Incentivize institutional performance
  – Expand educational pathways (emphases on transfer as well as credential learning)
  – Use financial aid as means to increase completion (incentivize progression and completion)
  – Improve available information so students can make an informed decision (financial literacy, expanded research and statistics)
Affordability is a priority in Virginia’s strategic plan.

Virginia Plan for Higher Education
Goal 1: Provide Affordable Access for All

State financial aid’s primary role is one of “access” but it also plays a central role in “affordability.”
State Need-Based Aid

Virginia Student Financial Assistance Program
aka “need-based aid” or “state financial aid.”

Direct allocated to each public institution within the budget under Program 108.

Single appropriation for undergraduate aid (VSFAP) funds multiple programs.
Undergraduate Assistance

Virginia Commonwealth Award

– Began in the early 1970s, then referred to as “discretionary aid.”
– Financial need
– Virginia domicile
– At least half-time enrollment
– Maximum award of “tuition and required fees”
Virginia Guaranteed Assistance Program

- Implemented in 1992
- Financial need
- Virginia domicile
- Incentivize specific behaviors associated with completing a college degree:
  - High school 2.5 GPA
  - Dependent status (enroll into college right out of high school)
  - Full-time enrollment (12 hours per term)
  - Continuous enrollment while in college
  - Maintain college 2.0 GPA
- Maximum award of “tuition & fees and books”
- Limited to four years of use
Need-Based Aid Funding Process
Funding Models

The purpose and function of the state aid funding model:

Appropriation recommendation:
SCHEV annually recommends appropriations for state need-based aid based on a shared-responsibility model that assumes part of financial need is met through sources other than the state and that the state is primarily interested in addressing in tuition and fees.

Allocation model:
As total need often exceeds available funding, the model serves to allocate limited funds among the institutions.
Funding Models

State aid funding models do not:

• Determine individual student awards.
  Each institution implements an award schedule and policy that best fits the needs of their students and institutional mission.

• Determine the actual “financial need” on an individual student basis or in the institutional aggregate.
  The funding model is based on future cost projections imposed onto a previous year’s student records.

• Provide a student affordability index.
  Though it can provide a directional index… higher education is becoming “more” or “less” affordable.
Each **funding** model used by SCHEV has contained the same essential components:

- Federal methodology for **Cost of Attendance**
- Federally calculated **Expected Family Contribution**
- **Gift aid**
- A **reduction or “set-aside”** of need based on a policy of **shared responsibility**
Component 1: Cost of Attendance

Federal methodology permits the following elements:

- Tuition and mandatory fees
- Mandatory non E&G fees
- Room and Board
  - On-campus
  - Living off-campus
  - Living with parents
- Books and Supplies
- Personal Expenses
- Transportation
Average cost of attendance numbers used by institutions to determine eligibility for need-based aid. Will vary by institution.

2016-17 – **$26,769** average for dependent student, living on-campus.
Cost of Attendance: VCCS

Average cost of attendance numbers used by institutions to determine eligibility for need-based aid. Will vary by college.

2016-17 – $14,828 average for dependent student, living at home.
Component 2: Expected Family Contribution (EFC)

Federally calculated using information provided by the student on the:

**Free Application for Federal Student Aid, or FAFSA**

The EFC is often referred to as the amount a family *should* be able to contribute in a year based on financial resources. In practice, the number serves primarily as a *rationing device* to determine which family has more/less ability to pay than another.
The FAFSA collects student data on:

- Adjusted Gross Income (AGI) for student and parents
- Family size
- Number in family going to college
- Asset information
- Family residence
- Age of oldest parent

Data is then used to calculate the EFC.
Expected Family Contribution (EFC)

Sample EFC Scenarios

Family with no assets, assuming all else is equal:

• 4 with AGI of $75,000; EFC = 7,925 / Pell = $0
• 4 with AGI of $50,000; EFC = 2,630 / Pell = $3,165
• 6 with AGI of $50,000; EFC = 544 / Pell = $5,265

EFCs will vary significantly based on differences in: size of family, number in college, assets, age of parent, and other details.

The Pell grant is designed to ensure every student has a minimum amount of resources available for education (EFC + Pell = approximately $5,800).
Component 3: Gift Aid

- Gift aid includes any form of *grant* or *scholarship* that is not required to be repaid as a loan or earned by work.

- The funding model excludes *endowments* so as to not discourage donations.

- The model does not include known or assumed increases in student aid (including Pell grant or aid from tuition revenues). Increases from other sources are assumed as part of the shared responsibility.
Component 4: Set-aside

• Higher education benefits the private individual, the family, businesses, the public, the state, etc.

• Therefore, there is a mutual interest – or shared responsibility – in funding higher education.

• All funding models will then include a set-aside – “50% of remaining need”, “30% of COA”, or some other measure – that acknowledges there are other sources of financial support.
Virginia’s Need-Based Aid Funding Model
The “50% of Remaining Need” model was used prior to 2003.

In 2001, SCHEV began working on an alternative model to improve allocation of funds to institutions having students with the greatest need. Over a period of years, and with collaboration, SCHEV created what is now referred to as the Partnership Model.
The Partnership Model has been in use since 2005-06.

There continues to be interest in either tweaking or otherwise identifying a new variation of the model to be used for appropriations.

- 2010: SCHEV requested to study the funding model with special interest in the role of indirect costs in the formula as well as housing. (available on-line under SCHEV 2010 Reports and Studies)

- 2016: $24 million increase in need-based aid for FY2018 remain unallocated to the institutions pending review of the funding model.
Comparison of Funding Models

50% of Remaining Need

- Cost of Attendance
  - EFC
  - Gift Aid

- **50% of Need**
  If necessary

Reduce to Tuition/Fees

Partnerhsip Model

- Cost of Attendance (COA)
  - 30% of COA
  - EFC
  - Gift Aid

- Need
  If necessary

Reduce to Tuition/Fees
Comparing Remaining Need to Partnership Model

Comparing how the two calculations treat two students: one with high need (zero EFC and just a Pell grant) and one with low need (higher EFC and some gift aid).

<table>
<thead>
<tr>
<th></th>
<th>50% of Remaining Need</th>
<th>Partnership Model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Need</td>
<td>Low Need</td>
</tr>
<tr>
<td>Cost of Attendance</td>
<td>$27,000</td>
<td>$27,000</td>
</tr>
<tr>
<td>Reduce COA by 30%</td>
<td></td>
<td>8,100</td>
</tr>
<tr>
<td>Expected Family Contribution</td>
<td>- 0</td>
<td>- 12,000</td>
</tr>
<tr>
<td>Pell Grant / Gift Aid</td>
<td>- $5,800</td>
<td>- $4,000</td>
</tr>
<tr>
<td>Subtotal of (Remaining) Need</td>
<td>$21,200</td>
<td>$11,000</td>
</tr>
<tr>
<td>Reduce by 50%</td>
<td>- $10,600</td>
<td>- $5,500</td>
</tr>
<tr>
<td>Need Recognized by the Model</td>
<td>$10,600</td>
<td>$5,500</td>
</tr>
</tbody>
</table>

Under this scenario, both models result in comparatively the same amount of total need ($16,100 v $16,000) but the Partnership Model shifts more funds to the more needy students.
Partnership Model

Step 1 – Build Cost of Attendance

- Use expected Tuition / Fees / Non E&G Fees reported on institutional six-year plans. (fall 2015 for FY2017)

- Use institution anticipated on-campus room & board on institutional six-year plans. (fall 2015 for FY2017)

Partnership Model

Step 2 – Calculate Cost by Student

– Use most recently available financial aid data file. (FY2014 was used when calculating for FY2017)

– The data file provides student-specific data Room & Board choices, and enrollment patterns.
Partnership Model

Step 3 – Calculate Need on Student-by-Student Basis

- Reduce COA by 30 percent
- Subtract EFC
- Subtract Gift Aid
- If need is less than zero, then set at “0”
- If calculated need is greater than Tuition & Fees, Reduce to Tuition & Fees
- Aggregate by institution
Partnership Model

Step 4 – Determine funding recommendation

- **Do no harm**
  Maintain prior year system-wide and institutional funding levels
  (both the actual allocation of funds and the percent of need met under the model).

- **Address funding disparities**
  Provide additional funding to institutions with lower funding levels.

- **Gain ground**
  Improve overall funding levels.
$2.726 billion in calculated expenses (over 158,000 students)

FY2017 projections using 2013-14 financial aid data and projected. FY2017 costs. Numbers do not include loans or work study.
Student Loans

Total student loans for in-state students at public institutions in 2013-14 exceeded $1 billion.

Totals do not include borrowing not tracked by the institution (credit cards, personal loans, home equity, etc.)

SCHEV FA19A Report: Public Institutions, Undergraduate Borrowing
Average Debt Upon Completion of Bachelor’s Degree and Percent of Graduates Who Borrowed

The **BLUE** line is the average total debt upon graduation (left axis) and the **RED** line is percent of graduates who borrowed (right axis).

From SCHEV report EOM06 – Virginia Public Institutions, Four-Year Bachelor’s Degree
Work Study

Work-study totaled over $13.6 million
(Using 2013-14 financial aid data, does not include earnings not tracked as financial aid by the institution.)

Tuition & fees are increasing at a faster rate than wages. In 1975, the minimum wage was $2.10 but tuition fees were $688, so 344 hours of work were needed to fully cover tuition & fees.

Even with increases in minimum wage, for 2015-16 it takes nearly five times the number of hours (1,674) at minimum wage to accomplish the same goal.

Number of Hours Required at Minimum Wage to Cover Average In-State Tuition/Fees for Virginia Senior Institutions

SCHEV History of Tuition & Fees and Department of Labor Minimum Wage Reports: https://www.dol.gov/whd/minwage/chart.htm
## VSFAP Funding Levels for FY17

<table>
<thead>
<tr>
<th>Institution</th>
<th>FY16 PM %</th>
<th>FY16 Funds</th>
<th>Full Funding Goal</th>
<th>Increase</th>
<th>FY17 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christopher Newport University</td>
<td>37.9%</td>
<td>4,677,403</td>
<td>13,128,189</td>
<td>186,591</td>
<td>37.0%</td>
</tr>
<tr>
<td>College of William &amp; Mary</td>
<td>55.8%</td>
<td>3,335,804</td>
<td>6,248,150</td>
<td>131,919</td>
<td>55.5%</td>
</tr>
<tr>
<td>George Mason University</td>
<td>31.8%</td>
<td>16,789,270</td>
<td>59,245,244</td>
<td>3,064,841</td>
<td>33.5%</td>
</tr>
<tr>
<td>James Madison University</td>
<td>35.8%</td>
<td>7,519,088</td>
<td>23,137,320</td>
<td>301,326</td>
<td>33.8%</td>
</tr>
<tr>
<td>Longwood University</td>
<td>33.6%</td>
<td>4,276,583</td>
<td>13,817,848</td>
<td>366,214</td>
<td>33.6%</td>
</tr>
<tr>
<td>Norfolk State University</td>
<td>36.6%</td>
<td>8,213,592</td>
<td>25,372,809</td>
<td>2,950,444</td>
<td>44.0%</td>
</tr>
<tr>
<td>Old Dominion University</td>
<td>33.2%</td>
<td>17,293,350</td>
<td>58,470,222</td>
<td>4,340,632</td>
<td>37.0%</td>
</tr>
<tr>
<td>Radford University</td>
<td>34.8%</td>
<td>7,516,618</td>
<td>24,869,469</td>
<td>1,685,086</td>
<td>37.0%</td>
</tr>
<tr>
<td>University of Mary Washington</td>
<td>38.1%</td>
<td>3,049,066</td>
<td>9,096,644</td>
<td>234,822</td>
<td>36.1%</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>75.2%</td>
<td>5,876,211</td>
<td>13,025,472</td>
<td>232,735</td>
<td>46.9%</td>
</tr>
<tr>
<td>University of Virginia - Wise</td>
<td>42.8%</td>
<td>2,199,938</td>
<td>5,994,710</td>
<td>365,638</td>
<td>42.8%</td>
</tr>
<tr>
<td>Virginia Commonwealth University</td>
<td>32.7%</td>
<td>22,220,891</td>
<td>71,995,762</td>
<td>4,417,541</td>
<td>37.0%</td>
</tr>
<tr>
<td>Virginia Military Institute</td>
<td>49.5%</td>
<td>970,928</td>
<td>2,139,452</td>
<td>45,312</td>
<td>47.5%</td>
</tr>
<tr>
<td>Virginia State University</td>
<td>39.1%</td>
<td>7,056,890</td>
<td>18,764,786</td>
<td>1,199,616</td>
<td>44.0%</td>
</tr>
<tr>
<td>Virginia Tech</td>
<td>40.2%</td>
<td>15,217,631</td>
<td>39,292,394</td>
<td>590,288</td>
<td>40.2%</td>
</tr>
<tr>
<td>Four-Year Institution Totals</td>
<td>36.3%</td>
<td>126,213,263</td>
<td>384,598,471</td>
<td>20,113,005</td>
<td>38.0%</td>
</tr>
<tr>
<td>Richard Bland College</td>
<td>21.0%</td>
<td>579,107</td>
<td>2,656,111</td>
<td>57,911</td>
<td>24.0%</td>
</tr>
<tr>
<td>Virginia Community College System</td>
<td>20.7%</td>
<td>39,096,836</td>
<td>184,190,934</td>
<td>3,927,747</td>
<td>23.4%</td>
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<tr>
<td>Two-Year Institution Totals</td>
<td>20.7%</td>
<td>39,675,943</td>
<td>186,847,045</td>
<td>3,985,658</td>
<td>23.4%</td>
</tr>
<tr>
<td>Totals</td>
<td>30.8%</td>
<td>165,889,206</td>
<td>571,445,516</td>
<td>24,098,663</td>
<td>33.2%</td>
</tr>
</tbody>
</table>

**Funding goals:** to address the six institutions having lowest graduation rates (raise to 37%), with particular attention on the HBCUs (raise to 44%). Raise “floor” to 33.5%, minimum 4% increase for all senior institutions.
Why are there funding disparities?

• Actual costs are different than projections.

• Funding recommendations are “hold harmless” for higher funded institutions.

• Changes in student behavior and data from one year to another:
  – More/less students enrolling full-time or part-time
  – Increase/decrease in EFC
  – Greater/less number of students demonstrating need
  – More/less available private or institutional aid
## Partnership History

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Number of Students Demonstrating Need</th>
<th>Projected Need Under the Partnership Model</th>
<th>VSFAP Appropriation</th>
<th>Percent of Projected Need Met</th>
<th>Percent Increase in Students w/Need</th>
<th>Percent Increase in Need</th>
<th>Percent Increase in Funding</th>
<th>Increase in Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>N/A</td>
<td>172,798,695</td>
<td>84,196,041</td>
<td>48.7%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>-</td>
</tr>
<tr>
<td>2006-07</td>
<td>N/A</td>
<td>171,363,919</td>
<td>95,062,986</td>
<td>55.5%</td>
<td>N/A</td>
<td>-0.8%</td>
<td>12.9%</td>
<td>10,866,945</td>
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<tr>
<td>2007-08</td>
<td>62,766</td>
<td>179,737,319</td>
<td>108,808,782</td>
<td>60.5%</td>
<td>N/A</td>
<td>4.9%</td>
<td>14.5%</td>
<td>13,745,796</td>
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<td>2008-09</td>
<td>64,404</td>
<td>195,153,152</td>
<td>118,017,023</td>
<td>60.5%</td>
<td>2.6%</td>
<td>8.5%</td>
<td>8.5%</td>
<td>9,208,241</td>
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<tr>
<td>2009-10</td>
<td>66,103</td>
<td>210,108,256</td>
<td>127,819,523</td>
<td>60.9%</td>
<td>2.6%</td>
<td>7.7%</td>
<td>8.3%</td>
<td>9,802,500</td>
</tr>
<tr>
<td>2010-11</td>
<td>71,043</td>
<td>233,376,286</td>
<td>127,819,523</td>
<td>54.9%</td>
<td>7.5%</td>
<td>11.1%</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>2011-12</td>
<td>80,044</td>
<td>295,501,432</td>
<td>141,206,151</td>
<td>47.8%</td>
<td>12.7%</td>
<td>26.6%</td>
<td>10.5%</td>
<td>13,386,628</td>
</tr>
<tr>
<td>2012-13</td>
<td>101,636</td>
<td>361,462,825</td>
<td>149,517,224</td>
<td>41.4%</td>
<td>27.0%</td>
<td>22.3%</td>
<td>5.9%</td>
<td>8,311,073</td>
</tr>
<tr>
<td>2013-14</td>
<td>117,628</td>
<td>431,766,961</td>
<td>158,078,595</td>
<td>36.6%</td>
<td>15.7%</td>
<td>19.4%</td>
<td>5.7%</td>
<td>8,561,371</td>
</tr>
<tr>
<td>2014-15</td>
<td>126,716</td>
<td>489,437,861</td>
<td>158,078,595</td>
<td>32.3%</td>
<td>7.7%</td>
<td>13.4%</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>2015-16</td>
<td>128,485</td>
<td>539,158,258</td>
<td>165,889,206</td>
<td>30.8%</td>
<td>1.4%</td>
<td>10.2%</td>
<td>4.9%</td>
<td>7,810,611</td>
</tr>
<tr>
<td>2016-17</td>
<td>129,760</td>
<td>571,445,516</td>
<td>189,987,869</td>
<td>33.2%</td>
<td>1.0%</td>
<td>6.0%</td>
<td>14.5%</td>
<td>24,098,663</td>
</tr>
<tr>
<td>2017-18</td>
<td>131,534</td>
<td>613,394,806</td>
<td>189,987,869</td>
<td>31.0%</td>
<td>1.4%</td>
<td>7.3%</td>
<td>0.0%</td>
<td>-</td>
</tr>
</tbody>
</table>

Number of students not archived in FY06 and FY07.
Institutional Policy and Practices
Institutional Policy and Practices

- Award students meeting the institution’s FAFSA application deadline. (late filers are wait-listed or not awarded)
- Calculate remaining need.

\[
\text{Institution Cost of Attendance (COA)} - \text{Student’s Expected Family Contribution (EFC)} - \text{Known Gift Aid} = \text{Remaining Need}
\]

- Determine “neediest student” based on institutional definition: can be students with 0 EFC or students with large amounts of need.
Institutional Policy and Practices

• Students having greatest amount of remaining need are awarded first.

• Eligible neediest students receive VGAP of at least tuition.

• VSFAP awards can be based on:
  • Meeting a percentage of need
    – Typically 30-60% of need, up to tuition/fees/books
  • Slotting a standard award amount for differing levels of need
    – $4,000 for need between $8,000 and $10,000
    – $3,000 for need between $5,000 and $8,000

• Continue until funds expire.
Institutional Policy and Practices

- Practices vary according to two basic principles:
  - “Spreading it thick”: Provide fewer students with higher amounts of aid.
  - “Spreading it thin”: Provide smaller awards to larger numbers of students.

- Policies vary and reflect varying institutional differences such as the income distribution of students and availability of resources.
### Sample Award Packages

<table>
<thead>
<tr>
<th></th>
<th>East College</th>
<th>West College</th>
<th>North University</th>
<th>South University</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of Attendance</strong></td>
<td>$20,500</td>
<td>$21,200</td>
<td>$18,500</td>
<td>$20,600</td>
</tr>
<tr>
<td><strong>Expected Family Contribution</strong></td>
<td>-1,000</td>
<td>-1,400</td>
<td>-10,800</td>
<td>-14,000</td>
</tr>
<tr>
<td><strong>Federal Grants (Pell and SEOG)</strong></td>
<td>-$4,800</td>
<td>-$4,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Financial Need</strong></td>
<td>$14,700</td>
<td>$15,800</td>
<td>$7,700</td>
<td>$6,600</td>
</tr>
<tr>
<td><strong>Commonwealth Award</strong></td>
<td>-$5,100</td>
<td>-$3,500</td>
<td>-$1,000</td>
<td>-$0</td>
</tr>
<tr>
<td><strong>Outside Scholarship</strong></td>
<td>- $0</td>
<td>-$300</td>
<td>-$0</td>
<td>-$200</td>
</tr>
<tr>
<td><strong>Remaining Need</strong></td>
<td>$9,600</td>
<td>$12,000</td>
<td>$6,700</td>
<td>$6,400</td>
</tr>
<tr>
<td><strong>Subsidized Student Loan</strong></td>
<td>-$5,500</td>
<td>-$5,500</td>
<td>-$5,500</td>
<td>-$5,500</td>
</tr>
<tr>
<td><strong>Unmet Need</strong></td>
<td>$4,100</td>
<td>$6,500</td>
<td>$1,200</td>
<td>$900</td>
</tr>
<tr>
<td><strong>Total Grants</strong></td>
<td>$9,900</td>
<td>$7,800</td>
<td>$1,000</td>
<td>$200</td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td>$5,500</td>
<td>$5,500</td>
<td>$5,500</td>
<td>$5,500</td>
</tr>
</tbody>
</table>
Analysis of these Examples

• First two students are examples of $40,000 AGI, and the second two are $70,000 AGI.

• Even with significant borrowing, each of the students has Unmet Need.

• Low-income students have greater amounts of Unmet Need.
  • In this case, over $4,000 each.

• Middle income rely heavily on their EFC.
  • More than $9,000 each for incomes of just $70,000.
Institutional Policy and Practices

• Student loans and work-study are packaged last based on federal rules.
  - Some VCCS institutions do not participate in federal student loan program.

• Institutions package federal loans, but it is the student’s responsibility to pursue private loans.
2014-15 Distribution of VSFAP

Undergraduate Commonwealth Award:
- 4-year 14,780 recipients awarded total of $48.6 million
- 2-year 41,024 recipients awarded total of $36.2 million

Virginia Guaranteed Assistance Program (VGAP):
- 4-year 15,555 recipients awarded total of $70.2 million
- 2-year 1,664 recipients awarded total of $2.5 million

VGAP unique eligibility criteria:
- High school 2.5 GPA
- Dependent status (enroll into college right out of high school)
- Full-time enrollment (12 hours per term)
- Continuous enrollment while in college
- Maintain college 2.0 GPA
Financial Aid Policy Issues to Consider

– Does the Commonwealth wish to articulate an explicit goal for state financial aid?

– Does the Commonwealth wish to explore alternative methodologies for the recommendation and allocation of state financial aid?

– Does the Commonwealth wish to further investigate how need-based financial aid can incentivize progression and completion?