

Financial Aid

Education Subcommittee of the
Senate Finance & Appropriations Committee



STATE COUNCIL OF HIGHER
EDUCATION FOR VIRGINIA

Role and Need for Education

Increasing the enrollment and success of low-income students is critical to the Commonwealth:

Strategic Plan goal to reach at least 70% educational attainment rate by 2030.

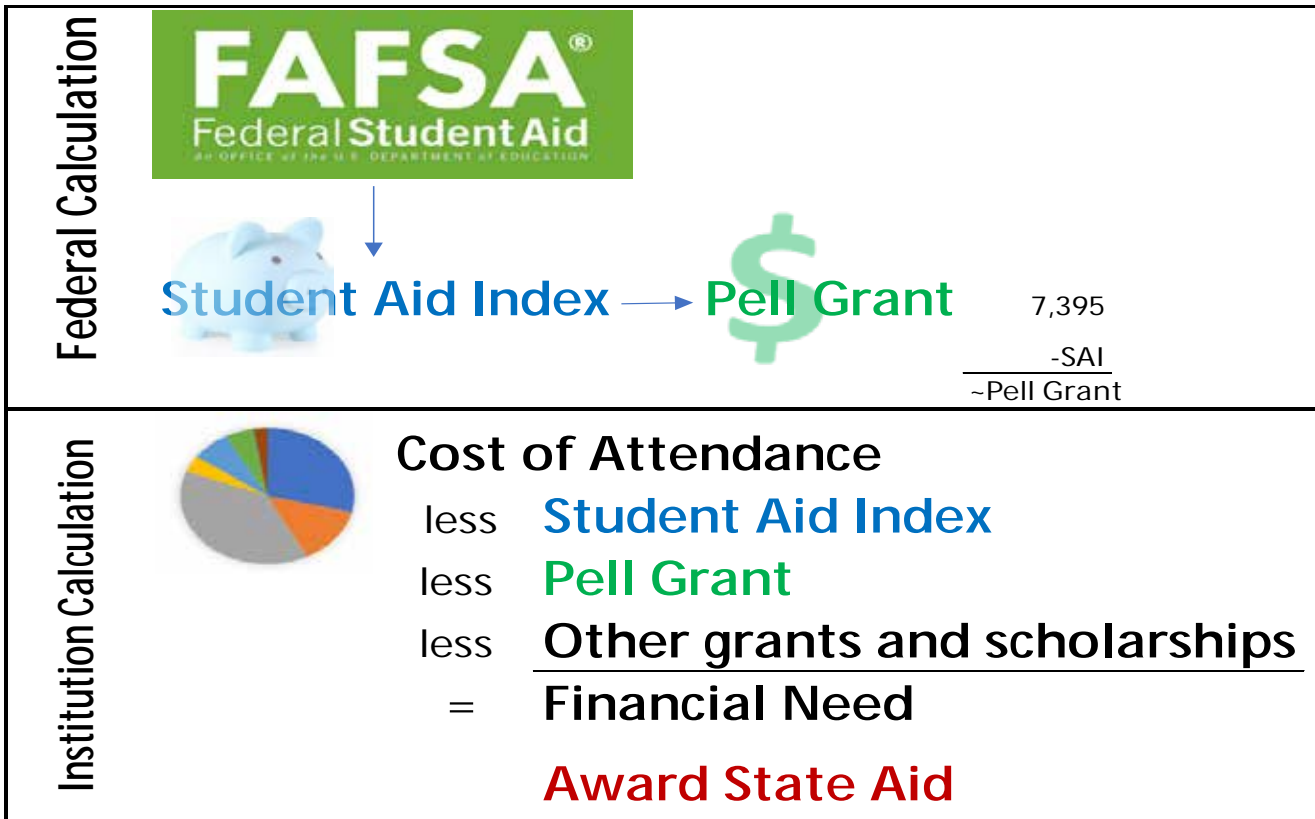
Education plays a critical role in addressing most societal issues:

1. Providing economic and social mobility
2. Meeting workforce demands
3. Addressing past and current inequities

Financial assistance plays a central role in student enrollment, but other needs may also need to be addressed.

Financial Aid Process

Financial Aid Overview



State Financial Aid

State Financial Aid Programs

Virginia Commonwealth Award

- Virginia domicile.
- Demonstrate financial need.
- Enroll at least half-time.
- Maintain SAP.

Virginia Guaranteed Assistance Program

- Virginia domicile.
- Demonstrate financial need.
- Enroll full-time.
- Have 2.5 high school grade point average.
- Maintain continuous enrollment.
- Maintain 2.0 college grade point average.

- Programs are funded by single appropriation to each public college or university, section 108.
- Purpose is to ensure access, affordability and success.
- Both Council and JLARC has proposed simplifying the financial aid process by combining the two programs.

Basic Calculations

- SCHEV bases funding recommendations on the projected need for a future year: accounts for other stakeholders and restricts need to tuition and fees.
- Using the resulting calculations, more funds are recommended to institutions whose students have the highest average need.
- Individual awards are determined by the institution based on each student's need:
 - $\text{Cost of Attendance less Student Aid Index (SAI) less known gift aid} = \text{Remaining Need}$
 - No institution has sufficient combined resources to cover full need for all students.
- Any financial need remaining after awarding all gift aid is called Unmet Need.

State Aid Impact on Unmet Need

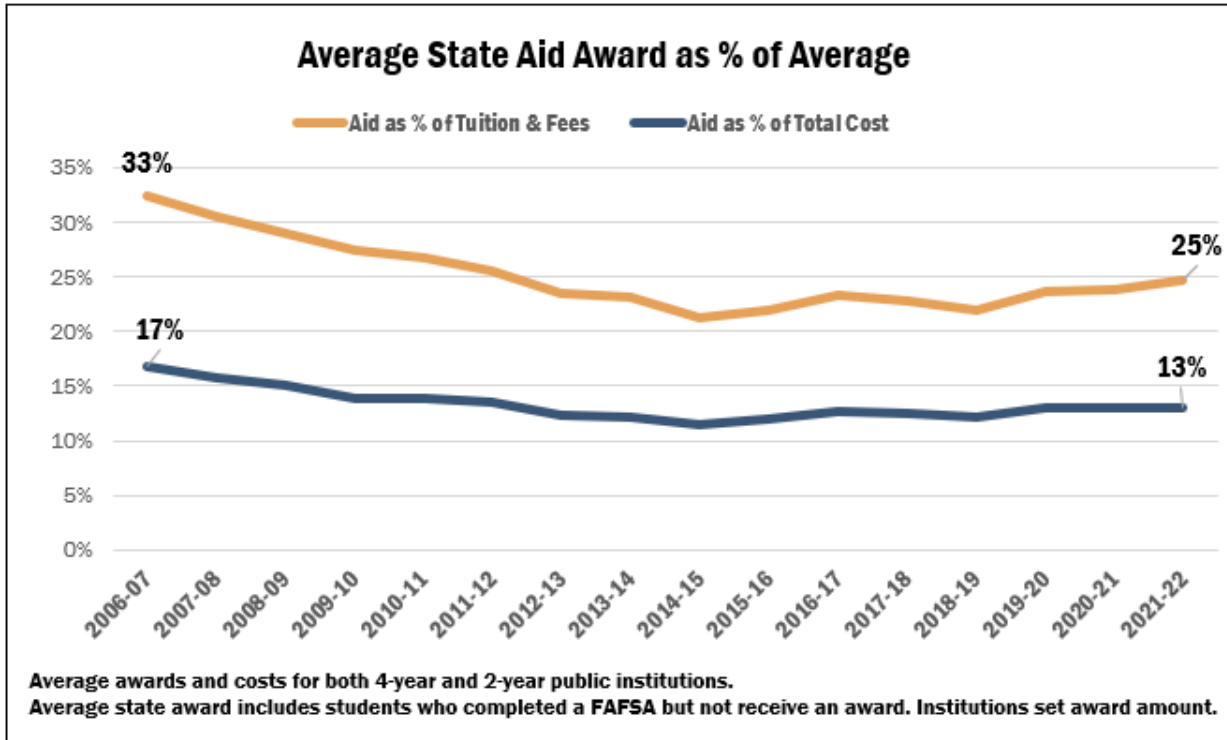
Academic Year	Unmet Need (before State Aid)	State Aid	% of state aid that's meeting unmet need
2017-18	\$1,682,395,805	\$191,281,342	11%
2018-19	\$1,678,488,720	\$200,516,023	12%
2019-20	\$1,656,727,621	\$222,067,534	13%
2020-21	\$1,606,397,109	\$225,816,141	14%
2021-22	\$1,627,195,127	\$274,531,130	17%
2022-23*	\$1,659,739,030	\$304,531,130	18%
2023-24*	\$1,692,933,810	\$477,031,130	28%

*Projected assuming a 2% increase in COA

Unmet need (before state aid) = Cost of Attendance - Federal Aid - Institutional Aid - Private Aid - EFC

[Source: FA34A Report \(schev.edu\)](https://www.schev.edu/FA34A-Report)

Stabilizing Purchasing Power of State Aid



Financial Aid Breakdown

Income Range	# Cohort	Avg. COA	Avg. Gift Aid	Avg. Net Price	Avg. EFC	Avg. Unmet Need
Lower	27,920	\$27,729	\$12,735	\$15,002	\$709	\$14,308
Middle	21,653	\$29,210	\$8,744	\$20,469	\$8,067	\$12,578
Upper	33,773	\$30,721	\$2,910	\$27,812	\$25,494	\$3,583
All	83,346	\$29,326	\$7,717	\$21,613	\$12,664	\$9,513

- Low-Income receive approximately 50 percent more grants and scholarships.
- This provides low-Income students with a much lower net price... The balance of what the student needs to pay.
- Differences in ability to pay (EFC) result in a larger unmet need for low-income students.
- Unmet need is covered in a variety of means including student loans, work, cost savings and family assistance.

Final Thoughts on Aid

- Low-income students consistently have higher unmet need than middle-income students.
 - Unmet need is connected to retention and graduation rates.
- While it has stabilized and improved over the last biennium, the purchasing power of state financial aid has not kept up with college price increases over the last 15-year period.
- Unmet need is the intersection between cost and resources and can be addressed through either lowering costs (tuition and fees) or increasing resources (state aid).
 - SCHEV's recommendations represent a combination of both approaches.
 - With recent increases in mind, Council's financial aid recommendations focus on protecting the ground gained in lowering unmet need.

Moving Forward

- Changes in the federal FAFSA:
 - Simplifying the federal FAFSA is intended to increase FAFSA applications, which could result in more demonstrated need.
 - Changing from the Expected Family Contribution to a new calculation of Student Aid Index will change awarding trends.
- Enrollment challenges as high school graduation rates begin to decline and society considers value and expectations of higher education.
- Ensuring that Virginia's higher education system is serving the entire Commonwealth and its citizens.

Pell Initiative

Pell Initiative

Article from Ed Reform Now provided additional attention on how several Virginia institutions are under-serving low-income students.

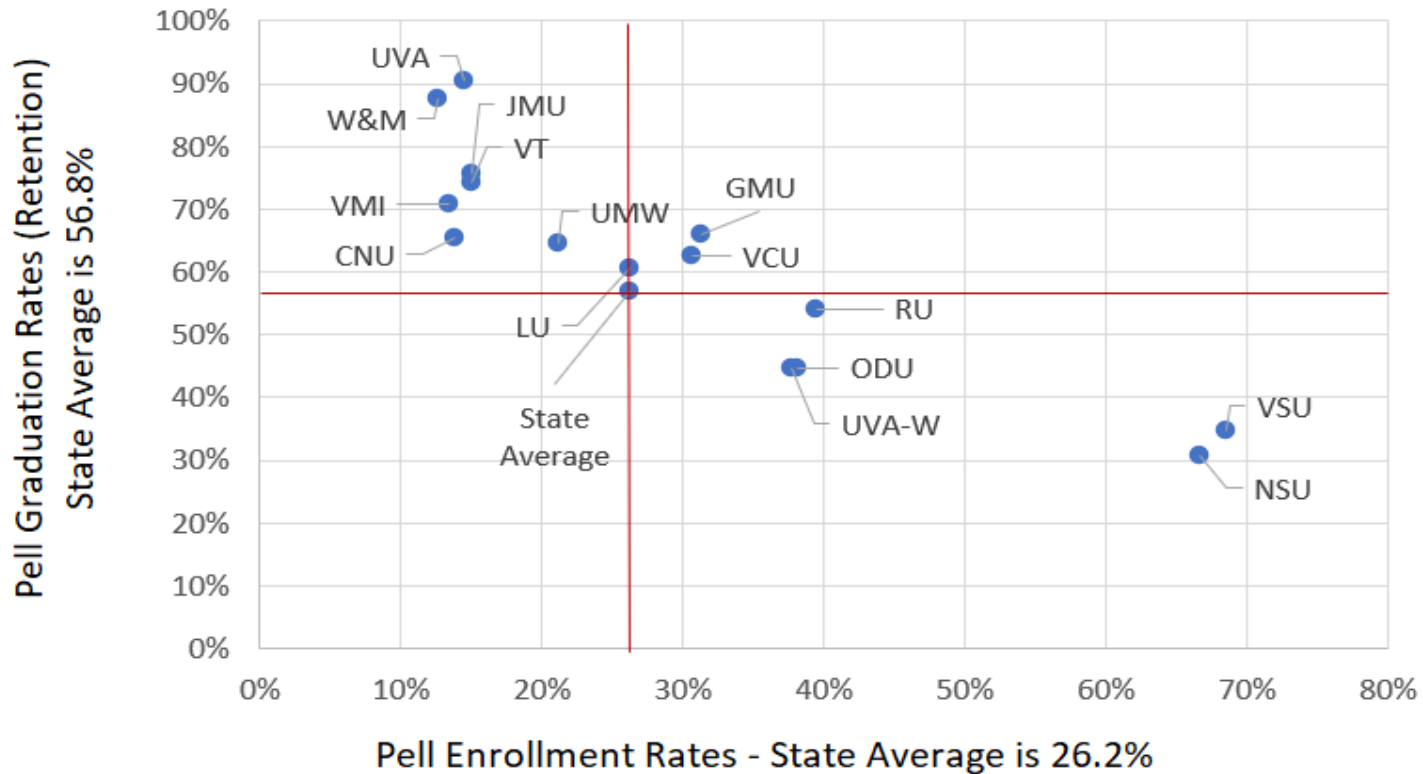
Room for Improvement:

- Virginia ranks low in enrollment of low-income students, but it also has a low poverty rate. However, there are very low enrollment rates among the institutions.
- Virginia ranks high in the nation in graduation rates, but that masks the demographic disparities within and among the institutions.

Language and funding provided.

- \$250,000 for SCHEV to work with a national consultant (HCM Strategists, Inc.)
- \$25,000,000 for FY24 to fund institution initiatives to improve enrollment and retention of low-income students (defined as Pell-eligible students).
- \$12,500,000 added for FY24 during the 2023 special session.

Public Four-Year Performance



Pell Initiative – HCM Strategists Findings

- All institutions practice need-blind admissions.
- Most institutions participate in broad outreach activities.
- Institutions should focus on the following nine areas of best practices:
 - **Advising and mentoring** – success coaches, tutoring and referral
 - **Communication** – frequency, targeted, multiple platforms
 - **Events** – College Application Week, college tours
 - **Fee Waivers** – removes one of the first barriers to application
 - **Financial Aid** – for education costs and emergency assistance
 - **Interventions in high schools** – assisting with application and advising
 - **On-campus resources** – predictive analysis for early intervention, financial literacy.
 - **Transition support** – summer bridge programs
 - **Share experiences** – share best practices, learn about other institutions

Engaging the Institutions

- In summer 2023, nearly \$25 million was awarded to the 15 four-year institutions.
- An additional \$12.4 million was awarded in December 2023, including two-year colleges.
- Total of 30 funded programs.
- These proposals provide a broad variety of initiatives within the nine recommended categories provided by HCM Strategists and include, but not limited to:
 - 7- Enhanced recruitment directed towards low-income students
 - 7- Summer bridge programs
 - 8 - Financial aid
 - 14 - Increased services in financial aid, admissions, mentoring and other support services
- In addition to these funded initiatives, institutions have been charged with reviewing internal processes and procedures to ensure they are user-friendly for low-income students.
- Future attention could be given to longer term strategies with earlier and more active involvement with K-12 schools.

What to Expect

- To track the retention of an entire cohort as well as observe improvements with enrollment initiatives, **each initiative was set into a four-year timeframe.**
- **Funds are disbursed annually** based on the stated expenditures for that year.
- **Each institution and initiative will be reviewed annually,** in early spring.
 - If a program is underperforming expectations, modifications may be recommended.
- In late spring, SCHEV will accept new proposals as funding is available, again with an expected four-year program window.
- Due to the timing of the awards, 2023-24 is expected to be a preparation year for some initiatives, with a couple of institutions deferring funding until 2024-25.

Results Timeline

- **Trend data** will be developed over the course of the initiatives.
- Increased competition for students from out-of-state institutions, private institutions and even internally suggests that systemic and individual institution improvements on **Pell enrollments will be incremental**.
- Changes to the federal FAFSA will artificially increase the number of Pell enrollments across the institutions.
- **SCHEV anticipates assessing the efficacy of the various initiatives and focusing on those providing the best results.**
- **The first results report will be available in fall of 2024.**