

SCHEV – Report on State Financial Aid Programs

to the

Senate Finance & Appropriations Education Subcommittee

The Honorable M. Locke, Chair

Lee Andes
Director Finance Policy & Innovation
February 3, 2026



STATE COUNCIL OF HIGHER
EDUCATION FOR VIRGINIA

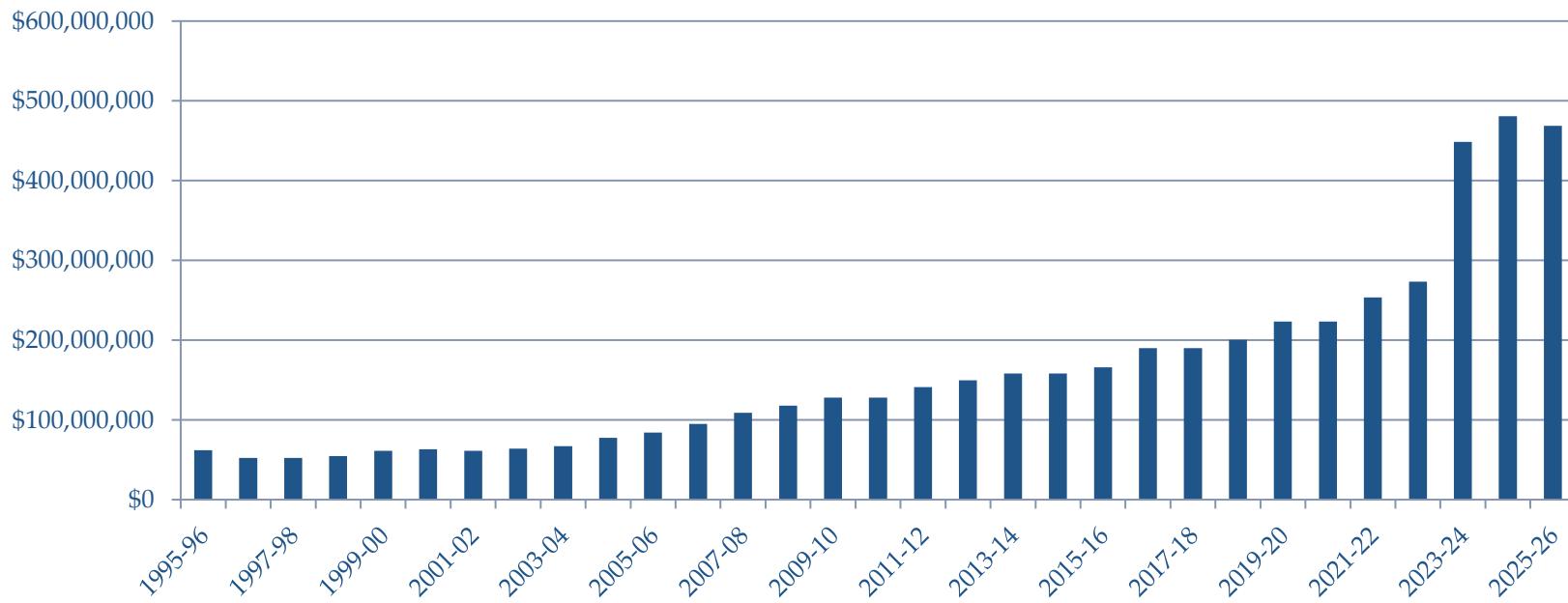
Virginia Student Financial Assistance Program (VSFAP)

VSFAP Funding

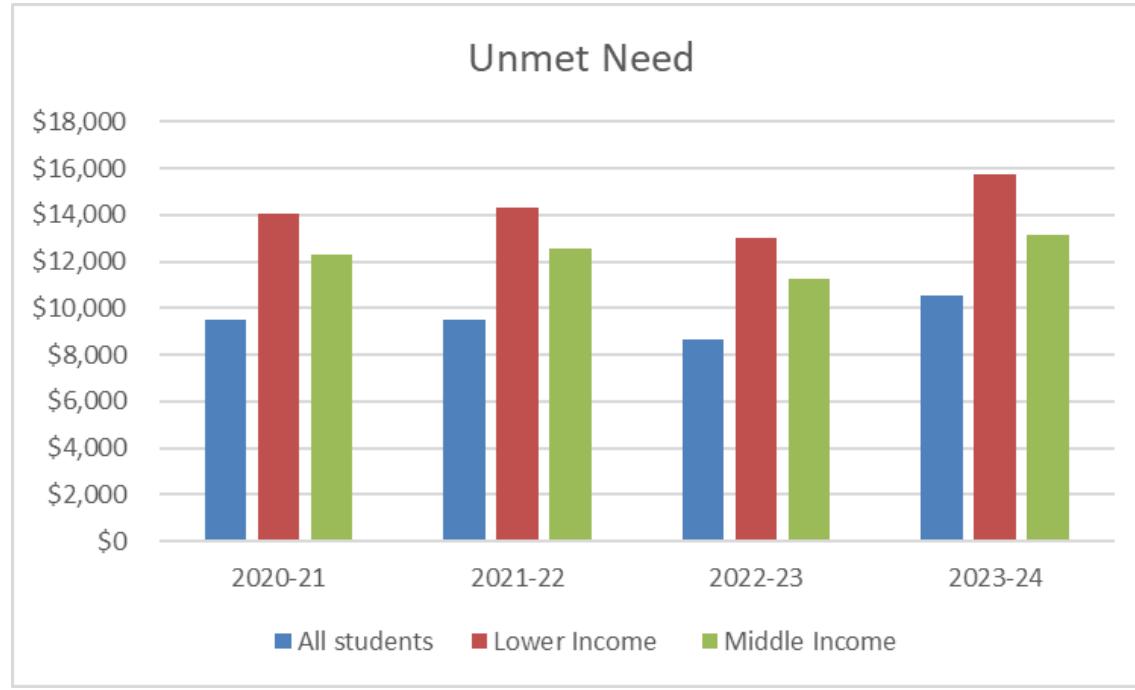
- Direct appropriations to each institution through program 108
- The single appropriation funds multiple state aid programs
 - Virginia Commonwealth Award
 - Virginia Guaranteed Assistance Program
 - Portion can be used for credential programs, foster care grant, emergency assistance program, soil scientists, etc.

VSFAP Funding – Program 108

Total Undergraduate Funding



Unmet Need Continues to Grow



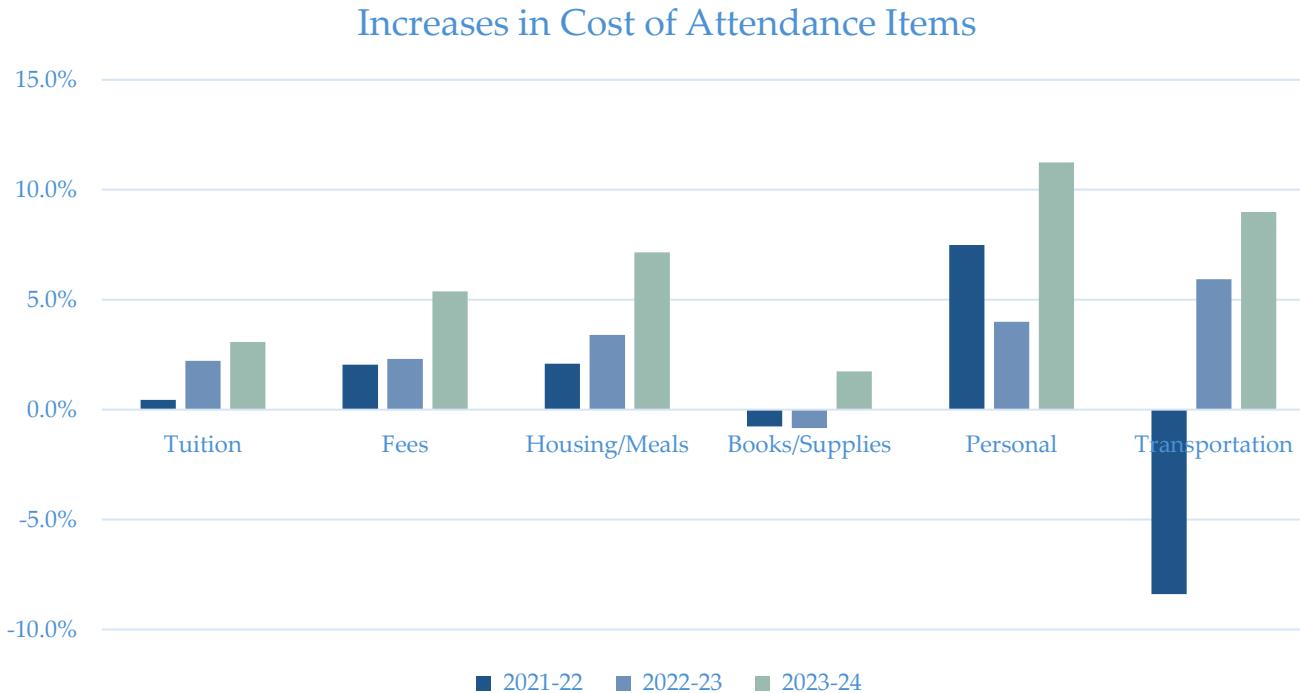
Income brackets determined by
Federal Poverty Level for each
specific year.

Low-Income = 0-200% FPL
Middle-Income = 201-400% FPL

Unmet Need:
Cost of Attendance
less Gift Aid
less Family Contribution

Undergraduate In-State Students

Non-Education Costs Lead Increases



Simplification of State Aid Programs

- Commonwealth has two primary need-based aid programs.
 - **Virginia Commonwealth Award** – early 1970s
 - **Virginia Guaranteed Assistance Program** – start 1992
- Each funded by program 108 appropriations.
- Some administrative functions are manual.
- Complications in administration and in communication.
- Recommendation to simplify state financial aid:
 - [2019 SCHEV study](#)
 - [2022 JLARC report](#)

Administration of State Aid

Current Administrative Requirements:

- Awards must be proportional to remaining need, students with greater need receive larger awards.
- Commonwealth awards are restricted to tuition/fees. VGAP is restricted to tuition/fees/books
- The neediest student must receive an award of at least tuition.
- VGAP-eligible students must be awarded before Commonwealth-eligible students.
- VGAP awards must be larger than Commonwealth Awards for students with equivalent need.
- VGAP students dropping below full-time are converted to a Commonwealth Award.
- VGAP is available for one year of award per class level.
- Larger VGAP awards for students in a higher upper class level.
- VGAP recipients who fail to advance class levels after one year lose VGAP eligibility until the student advances a class level.
- VGAP students may lose VGAP eligibility mid-year after receiving the award for a year but not advancing.
- VGAP recipients failing to maintain the 2.0 college GPA or continuous enrollment lose eligibility for VGAP indefinitely.

Administration of State Aid

After proposed simplification:

- Student must be a Virginia student.
- Awards must be proportional to remaining need, students with greater need receive larger awards.
- Commonwealth awards are restricted to tuition/fees. The neediest student must receive an award of at least tuition.
- Student maintains eligibility by maintaining satisfactory academic progress standards.
- All aspects can be automated.

Selective Service Requirements

- Virginia has long enforced federal selective service system (SSS) registration requirements.
- Federal government automatically confirmed SSS compliance for students completing the federal FAFSA form.
- Since 1985, the federal government has not enforced or prosecuted the SSS compliance other than through federal aid requirements.
- As of 2024-25, the federal government no longer requires that federal aid recipients meet SSS requirements.

Selective Service Requirements

- Beginning 2024-25, institutions must confirm SSS compliance individually for each male student; a manual process.
- Removing the SSS requirement from Virginia state aid programs would:
 - Remove a non-academic, non-economic barrier to higher education
 - Remove a barrier that is not applicable to all students (male only)
 - Removes a federal requirement no longer enforced by the federal government.

Virginia Tuition Assistance Grant Program

TAG History

Beginnings:

- First year of awards made in 1973-74 - \$400 loan
- January 1975 – constitutional amendment ratified to permit grants to students at private institutions
- Converted fully to a grant by 1978-79

Participating institutions:

- Private, non-profit, regional accreditation, principal place of business in Virginia
- 28 institutions currently participate

Appropriations:

- 2025-26 is the 53rd year of making TAG awards
- Historical total of just over \$2 billion appropriated through 2025-26
- Estimated to have assisted 340,000 individual students

TAG Purpose

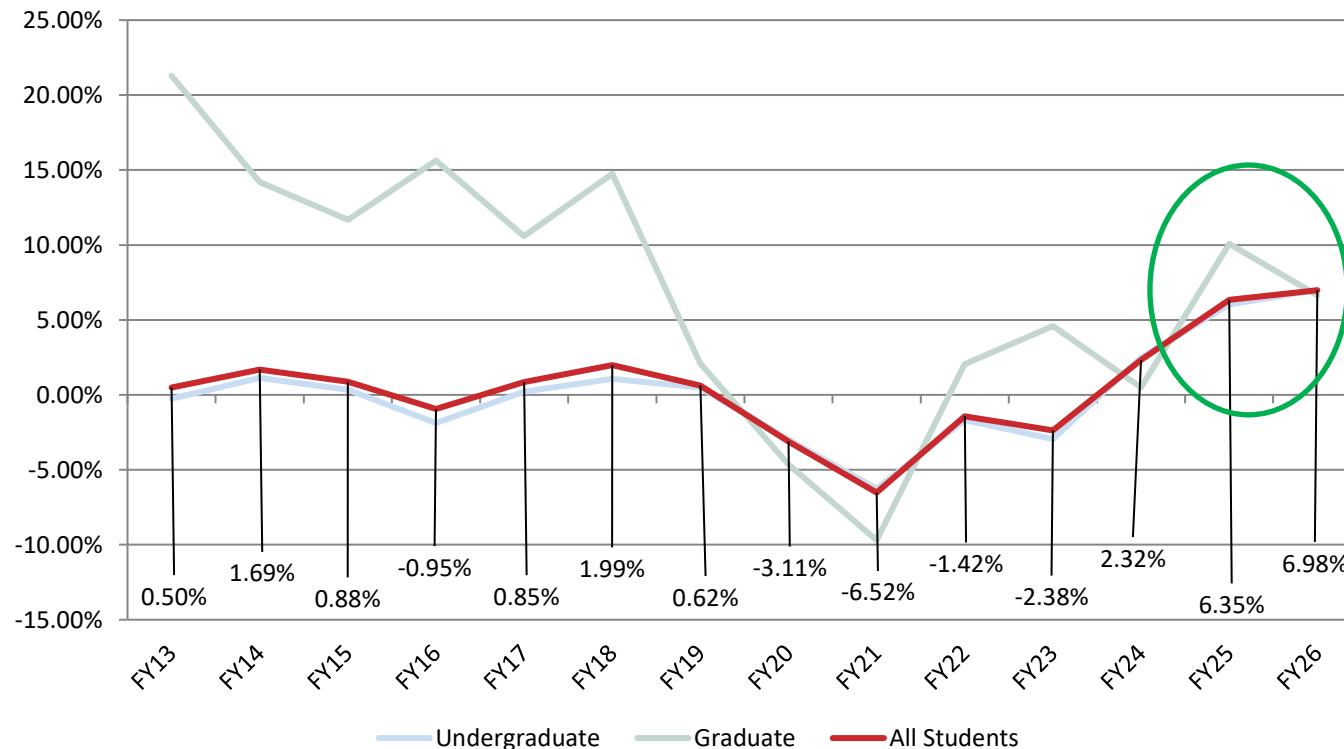
Purpose:

- Established in 1972 to make private higher education an attractive option for Virginia students.
- Not need-based or merit-based, this program best resembles the state subsidy to public institution that creates the in-state tuition rate for Virginia students.
 - Among TAG recipients, 69% demonstrate financial need.

TAG Utilization

- **Approximately 23,000 awards annually**
- **Over ten years of near flat or negative overall participation growth from FY13 to FY24**
- **Fall 2024 – overall participation grew by 6.3 percent, contributing factors:**
 - **TAG deadline moved from July 1 to September 15**
 - **Identified more TAG-eligible students from within existing enrollments**
 - **Enhanced marketing efforts by institutions**
 - **Increased percentage of enrollments from in-state students**

TAG Utilization – Annual Growth Rates



TAG Appropriations & Expenditures

- Unused funds accumulating during periods of negative growth through FY2024:
\$15,361,479
- Helped fund the unexpected growth in 2024-25 and 2025-26.
- Appropriations for 2025-26 **\$112,325,881**
- Estimated expenditures for 2025-26 **~\$118,000,000**
- The accumulated reserves will be exhausted during 2026-27.

TAG Appropriations & Expenditures

2025-26 numbers:

- Despite overall decline in enrollments among private institutions, Fall 2025 awards are running ahead of projections for undergraduate students (4.7% v 4.0%) and well ahead in online programs (25% v 8.0%) – overall 7 percent growth.
- Numbers reported during fall represent high mark, trend down by end of year.

Changes to FY26 have outsized implications for following years.

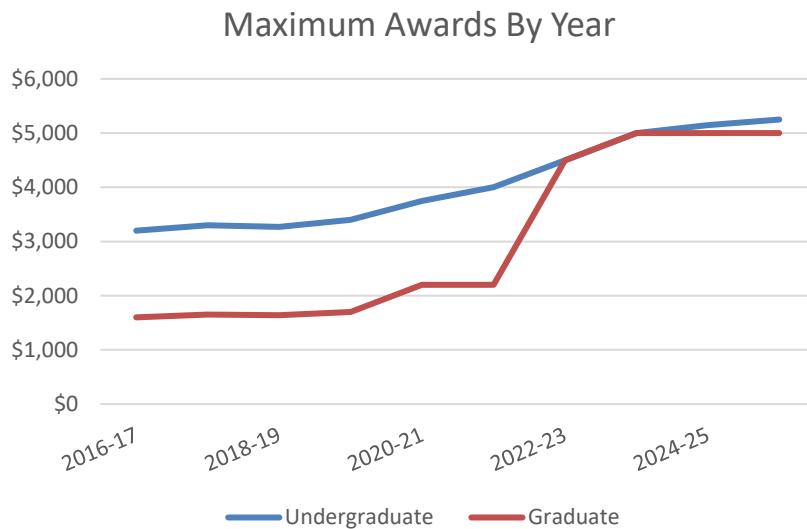
- Additional expenditures in current year reduce funds available to be carried forward into the following year.
- Increased participation rates in current year require adjusting projected increases in following years.
- Next data point is mid-February.

TAG Projections

- Maintaining the current TAG award amounts and projecting increased students, the program will have a \$6.3 million deficit in FY2027.
- Every \$50 increase in the TAG award requires just under \$1 million.
- Council recommended to increase TAG by \$50 each year:
 - \$8.7 million in FY2027 to raise the annual undergraduate award to \$5,300.
 - \$11.5 million in FY2028 to raise the annual undergraduate award to \$5,350.
- These projections are subject to updates following spring data collection.

Maximum TAG Award Trends

Year	Undergraduate	Graduate
2016-17	\$3,200	\$1,600
2017-18	\$3,300	\$1,650
2018-19	\$3,270	\$1,640
2019-20	\$3,400	\$1,700
2020-21	\$3,750	\$2,200
2021-22	\$4,000	\$2,200
2022-23	\$4,500	\$4,500
2023-24*	\$5,000	\$5,000
2024-25	\$5,150	\$5,000
2025-26**	\$5,250	\$5,000



* Beginning in 2023-24, students at the two HBCU institutions provided up to an additional \$7,500 increase (up to \$12,750).

** Beginning in 2025-26, students at the one HSI institution provided up to an additional \$2,000 increase (up to \$7,250).

Virginia Military Survivors and Dependent Education Program

Virginia Military Survivors & Dependent Education Program (VMSDEP)

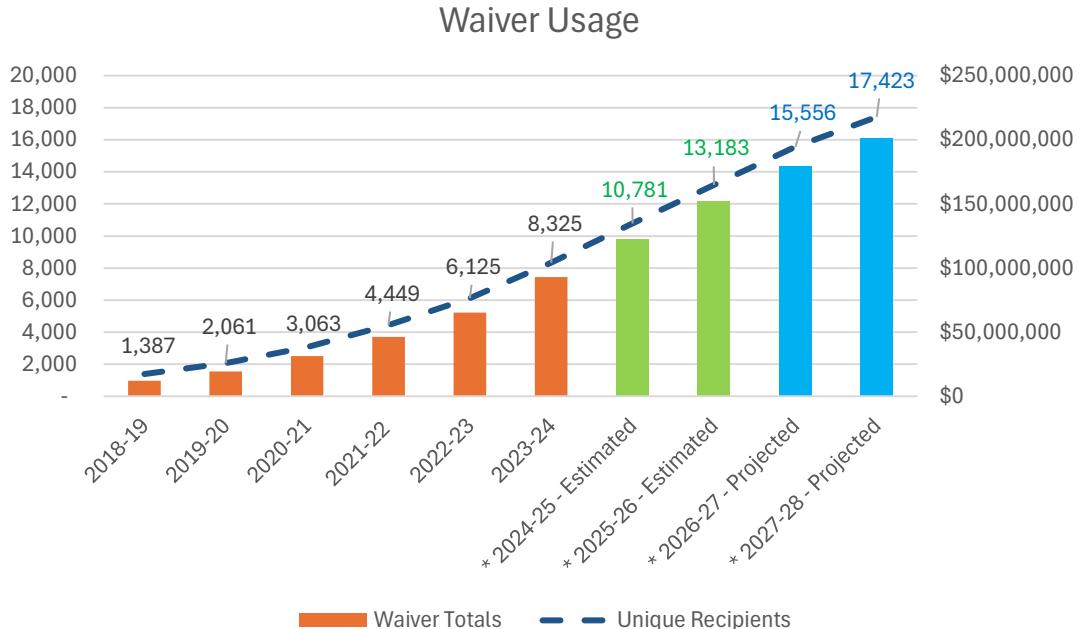
- Enacted in 1996, VMSDEP is intended to provide a full tuition waiver to dependents of veterans who meet certain criteria.
- The Virginia Department of Veterans Services is the primary administrator: receives applications and confirms eligibility under the law.
- SCHEV operates more in a reporting capacity, assessing impact on the institutions and tracking usage through end of year data collection.
- The tuition waiver results in lost - or foregone - tuition for the institutions.
- Through most of its history, program usage has been manageable for the institutions.
- In 2007-08, the program added a stipend. A funded program that provides up to \$1,900 per year that the student can apply towards other costs of education.

VMSDEP Usage Trends

As of 2018-19, the tuition and fees waived under the program totaled \$12 million. Just seven years later, the program exceeds \$150 million, over 1100% increase.

Contributing factors

- 2019 – expanded to include those injured in service and not just in combat
- 2021 – expanded to include some step-children
- Other possible factors:
 - Results of national combat activities following 9/11
 - Increased marketing efforts
 - Increased program awareness



Reactions

2024

- Changes proposed to program, ultimately repealed
- Multiple task groups formed and completed in 2024
- JLARC study completed in fall 2024
- In multiple steps, \$65 million available for 2024-25 to offset costs to institutions (53%)
- SCHEV begins ad hoc surveys, including end of fall term and end of year

2025

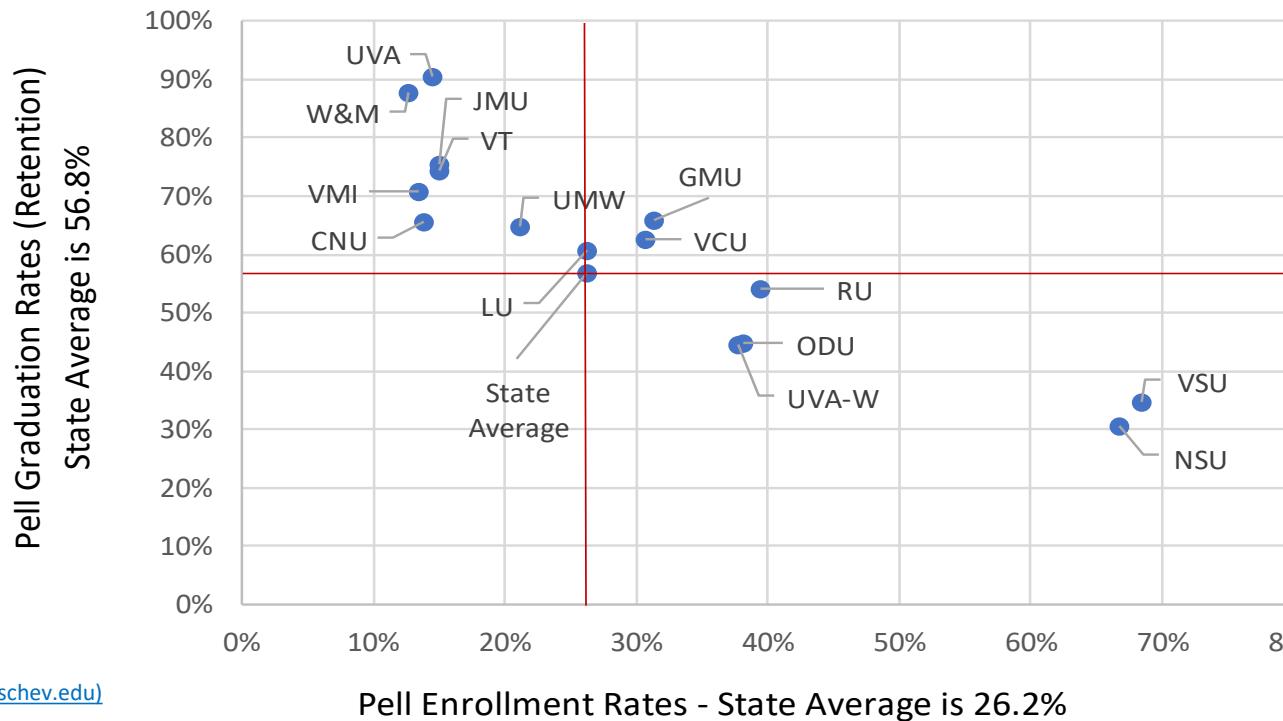
- SCHEV formally charged with implementing fall term survey with DVS
- In multiple steps, \$85 million available for 2025-26 to offset costs to institutions (56%)

Pell Initiative for Virginia

Pell Initiative for Virginia

- Virginia has a goal to achieve at least 70% of its adult population possessing either a college degree or other post-secondary credential of value. This goal cannot be achieved without aggressively addressing our under-represented populations.
- Education is both a public and a private concern: it provides economic mobility for individuals locked in poverty and unlocks the economic engine that enables Virginia to improve the lives of all citizens.
- On January 11, 2023, the Chronicle of Higher Education reported on a study by Education Reform Now finding that state flagship institutions lagged in enrollment of Pell-eligible students.
- Each public institution has a demonstrated room for improvement on either enrollment or retention, or both, of low-income students.

Initial Evaluation of Graduation and Retention Rates



[FA09: Pell Grant Report \(schev.edu\)](http://FA09: Pell Grant Report (schev.edu))

[Graduation Rates, 3-10 years, by Subcohorts \(schev.edu\)](http://Graduation Rates, 3-10 years, by Subcohorts (schev.edu))

Initial Cohort Administration

2024 and 2025 funding cohorts:

- Institutions submitted proposals for improving success rates for Pell-eligible students.
- SCHEV assisted in refining the proposals and entered into a Memorandum of Understanding with each institution.
- Activities were approved over a four-year period with funding disbursed each year for that year's activities. Funding for future years held in escrow pending annual evaluations.
- Each institution receiving funds required to complete an Institution-wide Barrier Review (IwBR) to identify barriers to low-income students.

2025-26 and Beyond

- Institutions submit a catalogue of intended activities to be implemented for the year to improve success rates.
- Improved institutional flexibility to scale up promising programs and/or remove inefficient ones.
- More funding on annual basis as no funds held in escrow.
- Annual review to assess outcomes and determine available funding for the following year.

2025-26 and Beyond

- As of mid-December 2025, all public institutions completed an Institution-wide Barrier Review.
- The results are under review by SCHEV staff.
- Moving forward, all institution initiatives must have a connection back to the barriers identified by the institution.
- As data is collected, SCHEV will identify those activities as having most/least promise and report those to the institutions.

Early Barrier Review Results

Early results of the review have identified some common barriers:

- **Internal fragmentation of systems, policies, and communication**
 - Through the PIV, internal structures are created to address these concerns, institutions must set up high level across institution teams to conduct a barrier review and then address the barriers found.
- **Affordability concerns, including indirect costs and unexpected incidental expenses**
 - In 2023, the state authorized use of program 108 funds for Emergency assistance programs. Some institutions are using PIV funds to enhance and target these programs for the PIV cohort, including addressing housing costs and short-term emergency financial hardships.
- **Faculty and administration understanding of unique and varied needs of the many demographics who are Pell-eligible**
 - Through the PIV, internal structures are created to address these concerns, institutions must set up high level across institution teams to conduct a barrier review and then address the barriers found.

Outlook

- Early results from PIV activities are promising though inconsistent.
- Refinement of successful programs and moving from inefficient programs is on-going and will accelerate in pace.
- It takes time: Need a full four years of a retention initiative to determine final impact on completion rates; it may take several years of an enrollment initiative to achieve a cultural shift (e.g. institutions placing more resources to recruit students from title 1 schools, may have a stronger impact on the 9th and 10th graders preparing for college)
- Regular institutional meetings and access to individual reports will encourage learning from each other, expansion of best practices, and refinement of activities and initiatives.

Questions

Lee Andes
Director Finance Policy & Innovation
leeandes@schev.edu