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MEMORANDUM

TO: Legislative Oversight Commission on Education Accountability

FROM: Brian Noland

DATE: December 13, 2010

RE: Financial Aid Comprehensive Report-2010

The second annual Financial Aid Comprehensive Report provides (a) information about the national status of financial aid, (b) descriptions of and changes to West Virginia aid programs, (c) longitudinal data about state financial aid recipients and their outcomes, and (d) policy recommendations. Data presented are for the 2008-09 academic year; data for the 2009-10 year were submitted by institutions in mid-October, too late to be included in this year's publication.

Changes in West Virginia

Several important policy developments transpired across the financial aid landscape in 2009-10. The establishment of CFWV.com creates a one-stop shop for students to learn about, prepare for, and apply to college. The portal, funded through a federal College Access Grant, went live on October 4, 2009. In its first year, 32,129 accounts were created on CFWV by middle school, high school, and prospective and current college students. As directed in 2009 Senate Bill 373, the PROMISE Scholarship award became a floor amount of \$4,750 per year (or a higher amount as funding permits) for students who began college after January 1, 2010. This policy change secured the long-term financial viability of the program; eliminated the need to increase academic criteria for the award to reduce costs; and made student financial planning for college more predictable. Other changes to PROMISE include the introduction of summer awards and requiring recipients to take four years of math in high school commensurate with high school graduation requirements and public college admission criteria.

Changes for the Higher Education Grant Program included the elimination of a separate state application and the March 1 priority deadline. The Higher Education Financial Aid Advisory Board recommended, in order to serve as many students as possible, that the maximum award be reduced from \$3,300 to \$2,100 for the 2010-11 academic year. Finally, Commission staff

continued the 2009-10 precedent of holding ten percent of the state allocation to the Grant Program in reserve to assist adult students.

Data Highlights

PROMISE Scholarship Program

- The number of PROMISE recipients increased from 2004-05 to 2005-06 but declined thereafter due to increases in qualification criteria. Costs, however, rose throughout the time period as the award amount was tied to the rising cost of tuition and fees. This will change with the new block award amount.
- The percentage of eligible high school graduates accepting the award rose from 86.6 to 88.2%.
- Regarding outcomes, scholarship retention increased; the percentage of PROMISE scholars earning associate's or bachelor's degree within four years increased; and the rate of transfer to four-year institutions of scholars at two-year institutions increased. PROMISE scholars' graduation and transfer rates were higher than those for the general student body.

Higher Education Grant Program

- The average award increased from \$2,009 in 2004-05 to \$2,619 in 2007-08 before declining to \$2,187 in 2008-09 as a result of an increase in recipients.
- The percentage of first-year students offered the award that were eligible and enrolled was between 77 and 79 percent in 2008-09 in West Virginia public institutions, West Virginia independent non-profit institutions, and Pennsylvania institutions, but was only 62 percent at West Virginia independent for-profit institutions.
- The percentage of grant recipients earning a bachelor's degree within five or six years increased but was slightly lower than the general student body. The percentage of recipients earning an associate's degree within three or four years, as well as rates of transfer from two-year to four-year institutions, increased and were higher than those of the overall student body.

Higher Education Adult Part-Time Student (HEAPS) Grant Program

- HEAPS Part-Time Enrollment Component number of recipients, total award, and average award increased from 2004-05 to 2008-09.
- About one-third of recipients attend four-year public institutions; a little over one half attend public two-year institutions; 9 percent attend independent, non-profit institutions; and 5 percent attend public vocational/technical centers.
- The HEAPS Workforce Development Component experienced an increase over time in students served and total dollars awarded though there was a decline in average award amount.
- Sixty-three percent of recipients attend public two-year institutions; 24 percent attend public vocational-technical centers; 9 percent attend independent, for-profit institutions; and 2 percent attend an independent, non-profit organization.

Policy Recommendations

The implementation of the PROMISE block award and the supplementary funding provided in Senate Bill 373 have stabilized the PROMISE budget for the foreseeable future. However, because there is not excess surplus, an increase in the award amount is not recommended at this time. Stabilizing program expenses through the block award has also prevented the need to increase academic criteria and reduce the number of scholars.

Higher Education Grant Program award amounts were reduced this year to accommodate the large number of eligible students. All who applied by the April 15 deadline with an expected family contribution up to \$6000 were offered awards. The Commission is requesting an additional \$6 million from the legislature for the next two years and the Financial Aid Advisory Board is examining the award process. The application deadline will not change this spring.