

What is the Issue and Why Does it Matter?



Most states support at least one state financial aid program that incorporates student financial need as an eligibility criterion.¹ While the term is operationalized differently across state contexts, financial need generally refers to financial support for postsecondary education awarded based on student or family income or the Expected Family Contribution calculated by a federal application. In some states, the cost to attend a postsecondary institution can also factor in to determination of financial need.

States invest in need-based financial aid programs to promote access and success for students who might not otherwise be able to afford postsecondary education. Nationally, expenditures in state financial aid programs continue to steadily increase. Specific to only need-based programs, more than \$6.1 billion in state aid expenditures

were awarded based on need in 2003, while more than \$8.8 billion were in 2015.^{2,3} However, the share of state-funded dollars awarded based on need remains relatively stable - only fluctuating by about 4 percentage points.⁴

Analysis

Within individual states, greater degrees of variation in need-based aid exist. Figure 1 shows the 5-year percent change in need-based grant and scholarship expenditures for each of the 50 states. While most states maintain relatively stable funding from year-to-year, several states stand out as making significant investments or disinvestments from need-based grant and scholarship programs. Tables 1 and 2 provide additional detail, including the dollar figures and percentage change for each of the states, Washington, D.C. and Puerto Rico. Based on their gains in need-based grant and scholarship expenditures, policy contexts in Idaho, Alaska, Mississippi and Oregon are each treated below. States that eliminated or largely decreased need-based state grants and scholarships include New Hampshire, Georgia and Alabama.

States with Gains in Need-Based Aid



Idaho: While smaller programs phased out in Idaho, the state continues to invest in the Opportunity Scholarship.

The program more than doubled in size from 2011 to 2015. Administered by the state board of education, the program awards hybrid need/merit awards to students matriculating to college from high school.^{5,6} Specifically, the program requires that students preparing to graduate from high school have a 3.0 GPA and demonstrate need on the Free Application for Federal Student Aid (FAFSA). After the March 1 deadline, applicants are ranked and awarded by scores calculated 70 percent on financial need and 30 percent on academic eligibility.



Alaska: The Alaska Education Grant (AEG) is a purely need-based grant for degree or certificate-seeking students enrolled at least half-time. Students are prioritized for funding based on the date that the FAFSA is filed, but must file by June 30. The program is funded through the Alaska Higher Education Investment Fund.⁷ This fund, established in 2012,

is designed to be a new, long-term source of support for AEG and other Alaska aid programs. It consists of appropriated funds and donations, which are invested. Each year, 7 percent of the market value of the fund is available for appropriation to support financial aid programs.

 **Mississippi:** The Higher Education Legislative Plan (HELP) program assists students coming to postsecondary education directly from high school. Two other merit aid programs target this same population: the Eminent Scholars Grant (MESG) and the Resident Tuition Assistance Grant (MTAG). Each year, the postsecondary board makes decisions about allocating resources across the three programs. Through adjusting eligibility criteria across the programs, the HELP program continues to grow, while MESG and MTAG remain relatively stable. In fact, in 2014, HELP eclipsed both MESG and MTAG in terms of total expenditures for the first time in the program's history.

 **Oregon:** The Oregon Opportunity Grant is awarded entirely on need based on rolling deadlines throughout the year. Student and family adjusted gross income must be below \$70,000 per year to be eligible for the grant. The maximum award amount of \$2,250 is based on the amount of need the student demonstrates. The Oregon Legislature increased funding by 23.6 percent for Opportunity Grants in the 2015-17 biennium, compared to the previous biennium.⁸

States with Losses in Need-Based Aid

As with increases in need-based state grant and scholarship programs, the potential reasons behind losses in need-based aid are many. To be clear, losses in need-based aid are not a direct result of lack of demand from students. For example, the state of **New Hampshire** eliminated all financial aid when federal matching incentives available through the Leveraging Educational Assistance Partnership (LEAP) were eliminated. The state of **Georgia** eliminated all need-based aid with the loss of LEAP, while merit aid was preserved. Legislative reductions to the **Alabama** Student Assistance Program led to decreases in the decentralized program.

How Many States Considered Legislation in 2017?

Based on a review of legislative activity related to need-based financial aid programs (as of April 18, 2017):

- Twenty states considered 40 pieces of legislation.
- Of these bills, 6 made it past one legislative chamber and 2 have been signed into law.

State	Legislation	Status
California	AB 227	Pending
	AB 19	Pending
	AB 214	Pending
Colorado	HB 17-1140	Enacted
Connecticut	HB 7000	Pending
Hawaii	HB 373	Pending
Massachusetts	SD 945	Pending
Maryland	HB 394	Pending
	SB 1173	Pending
	SB 869	Pending
Minnesota	HF 2477	Pending
	HF 2374	Pending
	SF 2045	Pending
	HF 607	Pending
	HF 376	Pending
Mississippi	SB 2956	Enacted
	SB 2716	Failed
North Carolina	SB 476	Withdrawn
Nebraska	LB 490	Pending
New Hampshire	HB 607	Failed

State	Legislation	Status
New Mexico	HB 344	Pending
	HB 194	Pending
Ohio	SB 124	Pending
Oklahoma	SB 391	Pending
Oregon	SB 576	Pending
	SB 443	Pending
Pennsylvania	HB 803	Pending
	HB 653	Pending
Texas	SB 18	Pending
	HB 4251	Pending
	HB 3247	Pending
	SB 383	Pending
Utah	HB 312	Pending
Virginia	SB 440	Failed
Washington	HB 1293	Pending
	SB 5820	Failed
	SB 5476	Pending
	HB 1841	Pending
	SB 5074	Pending

2017 Examples of State Legislation



Hawaii: **House Bill 373** intends to establish a fund administered by the University of Hawaii to support need-based aid for first-generation college students. Through the fund, the state will match all private donations made to support grants for students whose parents have not earned a bachelor's degree or higher.



Utah: While many states allocate aid toward the cost of tuition and fees, students with financial need often face additional barriers to college attendance. **House Bill 312** proposes a housing pilot program for students from households with incomes below 135 percent of the federal poverty level. Through the program, low-income students will have the option to select housing with no initial cost and that does not require a student to take out a loan to afford ongoing costs. Student support services will also be available on-site.



Virginia: **Senate Bill 400** proposes changes to an existing need-based aid program, the Guaranteed Assistance Program. Specifically, the legislation proposes greater institutional flexibility in selecting students and award amounts, but prioritizes student awarding in order of need. The bill also stipulates that students must make class progression prior to receiving subsequent awards, maintain a 2.0 GPA, continue to demonstrate financial need and make satisfactory progress towards their degree. An existing requirement that students enroll full-time is removed to allow for greater student and institutional flexibility in degree planning and awarding.

Figure 1: Five-Year Percent Change in Need-Based State Grant and Scholarship Programs, 2011-2015

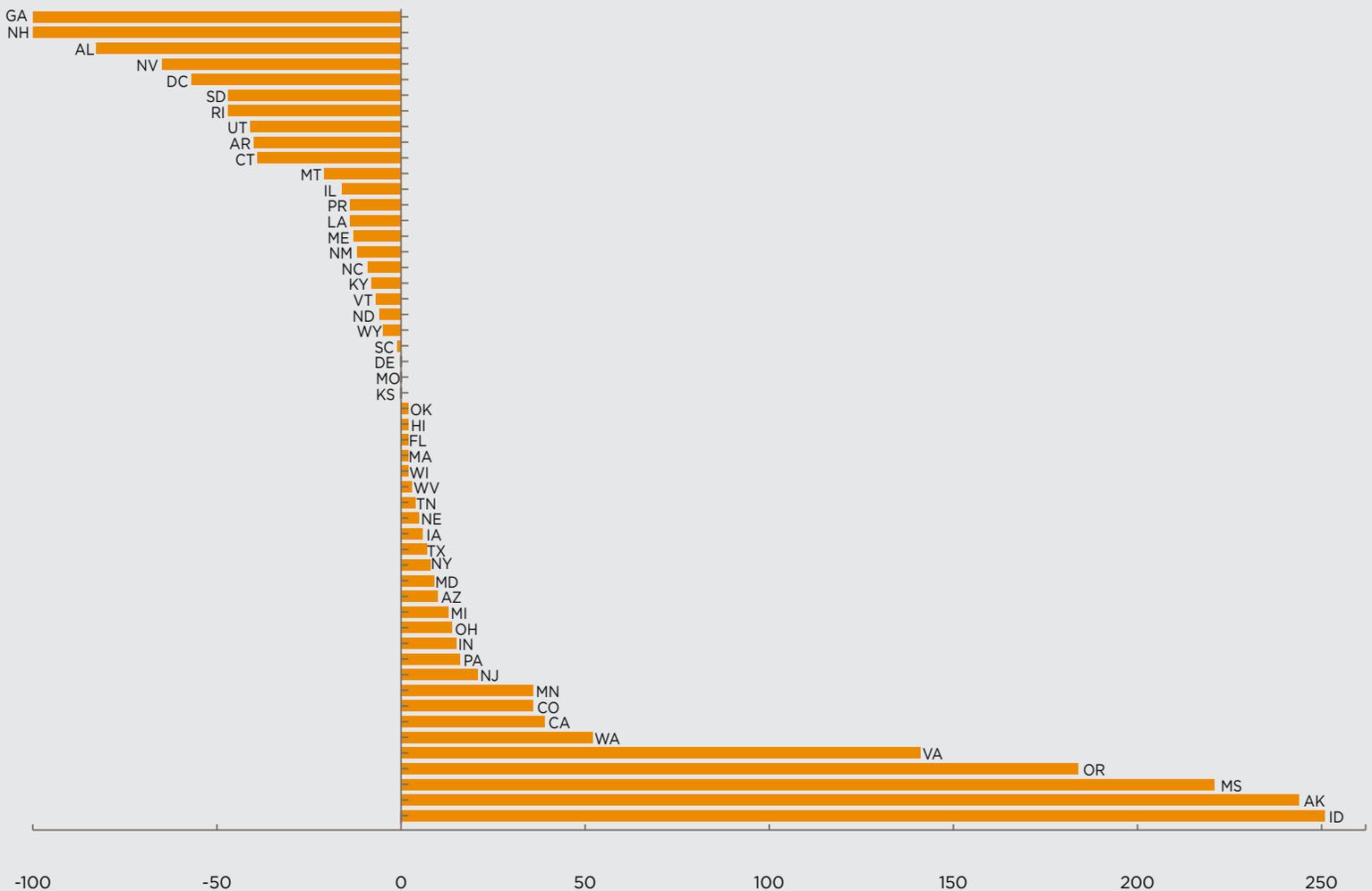




Table 1: Annual Expenditures in Need-Based Grant and Scholarship Programs for Selected States, 2011-2015

Rank	State	2011 Expenditures	2012 Expenditures	2013 Expenditures	2014 Expenditures	2015 Expenditures	5-Year Percent Change
1	Idaho	\$1,409,366	\$1,861,511	\$1,133,981	\$1,439,655	\$4,951,238	251.31%
2	Alaska	\$1,615,094	\$2,957,436	\$4,064,451	\$3,943,937	\$5,549,048	243.57%
3	Mississippi	\$3,445,163	\$4,076,557	\$5,787,679	\$8,439,748	\$11,071,990	221.38%
4	Oregon	\$20,578,718	\$45,736,090	\$53,711,717	\$56,139,275	\$58,499,933	184.27%
5	Virginia	\$144,055,952	\$153,635,927	\$162,720,595	\$164,478,419	\$346,748,428	140.70%
24	Massachusetts	\$87,918,297	\$86,334,752	\$88,136,091	\$88,245,903	\$89,941,221	2.30%
25	Florida	\$164,716,742	\$158,107,282	\$158,012,974	\$154,406,603	\$168,364,500	2.21%
26	Hawaii	\$3,562,520	\$3,944,957	\$3,322,572	\$3,834,670	\$3,635,002	2.03%
27	Oklahoma	\$86,434,942	\$85,405,360	\$85,869,569	\$85,875,023	\$87,773,591	1.55%
28	Kansas	\$18,603,136	\$18,634,751	\$18,356,060	\$18,393,615	\$18,661,924	0.32%
48	District of Columbia	\$2,223,214	\$1,580,245	\$1,212,267	\$1,213,525	\$961,768	-56.74%
49	Nevada	\$30,381,671	\$35,337,231	\$37,367,108	\$10,540,443	\$10,774,898	-64.53%
50	Alabama	\$17,980,235	\$17,638,238	\$7,146,983	\$6,645,057	\$3,102,908	-82.74%
51	Georgia	\$1,563,485	\$0	\$0	\$0	\$0	-100.00%
52	New Hampshire	\$3,165,662	\$0	\$0	\$0	\$0	-100.00%

Table 2: 2015 Expenditures and 5-Year Percent Change by State in State Need-Based Grant and Scholarship Programs

State	2015 Expenditures	5-Year Percent Change
Alaska	\$5,549,048	243.57%
Alabama	\$3,102,908	-82.74%
Arkansas	\$7,948,866	-39.78%
Arizona	\$23,288,258	9.72%
California	\$1,879,678,649	38.72%
Colorado	\$111,499,278	36.47%
Connecticut	\$41,099,870	-39.27%
District of Columbia	\$961,768	-56.74%
Delaware	\$15,004,857	-0.31%
Florida	\$168,364,500	2.21%
Georgia	\$0	-100.00%
Hawaii	\$3,635,002	2.03%
Iowa	\$61,571,307	6.15%
Idaho	\$4,951,238	251.31%
Illinois	\$361,805,241	-16.18%
Indiana	\$292,277,147	14.72%
Kansas	\$18,661,924	0.32%



State	2015 Expenditures	5-Year Percent Change
Kentucky	\$90,573,293	-7.75%
Louisiana	\$24,955,318	-13.72%
Massachusetts	\$89,941,221	2.30%
Maryland	\$103,215,183	9.11%
Maine	\$14,185,354	-12.71%
Michigan	\$101,590,133	12.55%
Minnesota	\$188,644,657	36.41%
Missouri	\$60,623,393	-0.20%
Mississippi	\$11,071,990	221.38%
Montana	\$3,746,220	-20.66%
North Carolina	\$303,084,215	-9.04%
North Dakota	\$9,262,171	-5.58%
Nebraska	\$17,628,557	5.43%
New Hampshire	\$0	-100.00%
New Jersey	\$408,685,735	21.22%
New Mexico	\$24,960,319	-11.65%
Nevada	\$10,774,898	-64.53%
New York	\$999,613,366	8.18%
Ohio	\$90,159,301	14.19%
Oklahoma	\$87,773,591	1.55%
Oregon	\$58,499,933	184.27%
Pennsylvania	\$455,026,299	15.74%
Puerto Rico	\$32,628,228	-13.86%
Rhode Island	\$7,458,515	-46.92%
South Carolina	\$63,532,184	-1.38%
South Dakota	\$230,334	-47.01%
Tennessee	\$89,236,749	3.75%
Texas	\$835,870,278	6.78%
Utah	\$2,583,024	-40.93%
Virginia	\$346,748,428	140.70%
Vermont	\$20,129,722	-7.11%
Washington	\$372,803,253	51.58%
Wisconsin	\$127,379,436	2.47%
West Virginia	\$45,664,808	2.86%
Wyoming	\$15,336,490	-5.01%

Resources

- [50-State Policy Database on State Financial Aid](http://www.ecs.org), Education Commission of the States, www.ecs.org
- [Redesigning State Financial Aid: Principles to Guide State Aid Policymaking](http://www.ecs.org), Education Commission of the States, www.ecs.org
- National Association of State Student Grant and Aid Programs, NASSGAP, www.nassgap.org.

Endnotes

1. Author's calculations from 2003-2015 administrations of the NASSGAP survey, National Association of State Student Grant and Aid Programs, <http://www.nassgap.org/viewrepository.aspx?categoryID=3>
2. Throughout this report, all dollar figures are presented in 2016 constant dollars using the CPI-U.
3. Ibid, NASSGAP surveys.
4. Ibid, NASSGAP surveys.
5. [Idaho Code Ann. § 33-4303](#)
6. [IDAPA 08.01.13](#)
7. [AS 37.14.740 et. seq.](#)
8. <http://www.getcollegefunds.org/oog-eligibility-awarding.aspx>; accessed March 16, 2017

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About Postsecondary Legislative Tracking

The Postsecondary and Workforce Development Institute at Education Commission of the States tracks legislation on multiple issues related to college readiness and higher education. The team follows the bill's status from introduction through its final action, summarizes key provisions and assigns topics. The policy tracking helps keep an eye on trends, innovative policy approaches and the overall landscape of higher education legislative activity. This information is leveraged for several purposes, including policy snapshots that offer a brief background on a topic, a visual take on recent bills and summaries of selected state legislation.

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