

## Washington:

### *How Washington can Maximize State Policy to Benefit from Federal Financial Aid Changes*

Washington has the reputation as a national leader in its commitment to access and affordability. Since 1969 the state has been committed to providing low- and middle-income students with access to a quality higher education through a comprehensive financial aid program to meet the needs of the diverse student population pursuing a higher education in our state.

However, significant changes are happening in federal financial aid policy, which will require awareness and coordination at the state level to ensure that Washington continues to be a national leader and the 157,000 students that depend on state and federal aid programs can maximize their benefit.

The states' public, four-year colleges and universities want to be a resource to policy makers and highlight the challenges our students face. It is important to avoid oversimplification of financial aid policy, which can lead to the unintended consequence of undermining the diversity of higher education opportunities and limiting student options in choosing their educational pathway.

#### **Federal Changes:**

Beginning in fall 2016, students and financial aid offices will experience the implementation of two of the largest changes to federal financial aid in recent years.

- ◆ Students will be able to submit a Free Application for Federal Student Aid (FAFSA) as early as October, 1 and
- ◆ Use prior-prior year (last year's tax return) income and tax information instead of the past year to establish eligibility for aid.

These changes mean that students will be applying earlier and will be expecting colleges and universities to respond accordingly. The public, four-year institutions support the changes at the federal level but the new policies further expose state level challenges that limit the opportunity for students and their families to fully benefit from these changes. We believe these changes provide an opportunity for Washington to build on its historical support for financial aid programs to benefit students.

#### **State Challenges**

While changes at the federal level provide a new opportunity for students, we continue to face challenges at the state level that will impact students.

- ◆ ***Delays in the state budget process create uncertainty for institutions, students, and parents.*** Even after significant reductions in state tuition, college prices and student debt weigh heavily in the decision process for incoming students and their families. With students applying for financial aid in October, three full months before the legislative session even begins, uncertainty around appropriations and changes to financial aid programs create substantial challenges to accurately award financial aid and provide earlier guidance to students about important financial resources available to pay for college.
-

---

Institutions will need to rely on these earlier financial aid awards to students to encourage enrollment in our Washington public institutions and to make education choices based on affordability and financial resources.

- ◆ ***In 2015-16 there were 24,239 students statewide who qualified, but did not receive a State Need Grant due to underfunding.*** With the use of prior-prior-year income tax returns, more students are likely to meet college and university priority deadlines for financial aid. We need to build on Washington's nearly 50-year history of support for the State Need Grant by fully funding the grant program, which accounts for 90 percent of all state aid provided to students in the public baccalaureate sector. Currently more than **10,000 public four-year** students qualify and should receive a State Need Grant, but are left unserved by the program due to a lack of funding.
- ◆ ***We need to continue to invest in ALL aspects of our financial aid programs.*** With the use of prior-prior-year income tax returns, more students are likely to meet college and university priority deadlines for financial aid. We need continued investment in the state's comprehensive financial aid program to meet the needs of our state's diverse student populations and degree completion goals including but not limited to the State Need Grant, College-Bound Scholarship, State Work-Study, and the Opportunity Scholarship.
- ◆ ***There is interplay between College Bound and State Need Grant that should be considered when implementing policy.*** Currently, there is no deadline for College Bound students to apply for aid, which requires colleges and universities to reserve State Need Grant dollars, making it challenging to efficiently serve students and manage the use of funds for all students. This will be exacerbated by the larger window for applying for financial aid, potentially creating inequity for similarly situated students and impeding the efficient delivery of funds to students for the College-Bound and State Need Grant programs.