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States' Student-Aid Spending Grew by 12.6 Percent in 1999-2000, Survey Finds

By [PETER SCHMIDT](#)

State spending on student aid rose by 12.6 percent in the 1999-2000 academic year, one of the largest such increases in two decades, according to an annual survey released Tuesday.

States awarded a total of \$4.15-billion in grants and scholarships to college students in 1999-2000, compared with \$3.686-billion in the previous academic year, the National Association of State Student Grant and Aid Programs (NASSGAP) said in its report. The last time state spending on student aid rose as rapidly was in 1993-94, when it jumped by 12.8 percent -- the largest such percentage increase since 1978.

The survey, which covered all 50 states, Puerto Rico, and the District of Columbia, found that 38 states reported spending more on student aid in 1999-2000 than they had the year before. Ten states reported trimming such spending, but, in many of the cases, the financial impact was minimal, because the programs already had been receiving little state financial support.

The respondents spent about 29 percent more on student aid, adjusting for inflation, than they did in 1994-95.

The report notes that the latest surge in state spending on student aid appears to have continued into the current academic year. Although the report's numbers for the current year are not final, state appropriations for grants and scholarships seem to have risen by about 12.5 percent, to an estimated \$4.67-billion.

Much of the recent growth in state spending on student aid appears to be driven by the continued popularity of merit-based scholarship programs, many of which are financed by state lotteries.

The amount of student aid that the survey respondents distributed on the basis of merit rose by about 20 percent, to nearly \$923-million, in 1999-2000, the report said. The survey did not distinguish between funds derived from tax revenues and those that came from lottery proceeds.

Merit-based grant programs accounted for about 22 percent of all expenditures on student aid in 1999-2000, compared with 19 percent in 1998-99, and about 15 percent in 1994-95.

Spending on need-based aid rose by about 8.5 percent, to \$3.225-billion, in 1999-2000. Six populous states -- California, Illinois, New Jersey, New York, Pennsylvania, and Texas -- accounted for about 60 percent of all need-based aid distributed by states.

About \$478-million, or 12 percent, of the need-based aid awarded by the states was tied to the recipients' ability to meet certain academic standards.

Among individual states, the ratio of merit-based aid to need-based aid varied widely. Georgia, which has the nation's largest merit-based scholarship program, distributed no money based on need. Meanwhile, California and Pennsylvania maintained sizable need-based aid programs, but did not provide any scholarships based solely on merit. New Mexico was the only state that came close to maintaining an even mix.

Cheryl K. Maplethorpe, the president of NASSGAP, said that each state's legislature seems to have "a different culture" when deciding whether to put money into need-based or merit-based programs. Often, she said, the administrators of student-aid agencies swim with the tide, and focus on creating, expanding, and promoting those programs that are most likely to receive their legislature's support.

"The agencies that administer these programs have to more or less make a sales pitch to their own legislatures -- they know what works in their states," said Ms. Maplethorpe, who is the director of the division of student financial aid within the Minnesota Higher Education Services Office.

States varied widely in terms of how much they spent on aid per student. South Dakota spent nothing on grants and scholarships, while Arizona, Hawaii, and Wyoming spent less than \$50 per full-time undergraduate student. Illinois, New Jersey, and New York, by contrast, spent more than \$2,000 per undergraduate on need- and merit-based aid.

Graduate students received less than 1 percent of need-based aid, and about 6 percent of merit-based aid, but there was substantial variation among states in this area as well.

Colorado, Michigan, Oklahoma, and Texas, along with Puerto Rico, gave graduate students a substantial portion of their budgets for need-based aid, but most states spent nothing, or only token amounts, to help cover the costs of advanced degrees.

North Carolina, Virginia, and Wisconsin were the only states that spent more than \$3-million on merit-based scholarships for graduate students in 1999-2000.

In California and Texas, at least some of the increased spending on student aid came in response to the curtailment of affirmative action in public-college admissions. Lawmakers concluded that their states needed to make college more affordable to enlarge the pool of minority applicants.

In Texas, where a 1996 federal court ruling precluded colleges from considering race in admissions, "there was a wide consensus in the [1999] session of the Legislature that we needed to provide more grant aid," said Ray Grasshoff, a spokesman for the state's Higher Education Coordinating Board. Lawmakers there agreed to create the Texas Grant program, with the goal of distributing an additional \$50-million in need-based aid per year.

"The Legislature determined it was a priority, and they did something about it," Mr. Grasshoff said.

Elsewhere, the increases in state appropriations for higher education mainly reflected good economic times and a desire by lawmakers to hold down college costs.

Virginia, for example, increased its spending on student aid by nearly 26 percent from 1996 to 1999. At the same time, lawmakers there also pumped additional money into public colleges and asked them to freeze or roll back their tuitions.

Lee Andes, the financial-aid manager for the State Council of Higher Education for Virginia, said lawmakers were concerned that tuition had climbed too much since the early 1990's, and that "financial-aid dollars weren't rising enough to keep up."

A copy of the NASSGAP student-aid report can be obtained by sending a check for \$20 to the association in care of the New York Higher Education Services Corporation, 99 Washington Avenue, Room 1320, Albany, N.Y. 12255.

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