



## Government & Politics

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## State Spending on Student Aid Has Surged in Recent Years, Study Finds

By PETER SCHMIDT

States have continued to pump large sums of money into student-aid programs in recent years, despite the onset of hard economic times, according to an annual survey.

### ALSO SEE:

[State Support for Student Aid, 2000-1](#)

State spending on scholarships and grants rose by 14.5 percent, to \$4.68-billion, in the 2000-1 academic year, the National Association of State

Student Grant and Aid Programs said in a report released last week.

The increase was the largest reported by the association in more than two decades. Not since the mid-1970s have similar jumps in aid spending been recorded by NASSGAP, which has been conducting annual surveys of state aid spending for 32 years.

Although the association's numbers for the current academic year are not final, the group estimates that state spending on student aid increased by nearly 10.1 percent, to about \$5.15-billion, in 2001-2. The growth occurred even though the nation's economy began slowing last spring, when most state legislatures adopted their budgets for the current academic year, and about 40 states have made midyear budget reductions.

NASSGAP officials said last week that they see little indication that state lawmakers have been considering cuts in student-aid budgets as they plan their spending for 2002-3.

The financial support of student-aid programs "still has a very high priority for the states," said Jim Garcia, who is both the president of NASSGAP and the head of the grant-services division of the California Student Aid Commission.

"No one, across the country, has said they are cutting back with any of their programs for students," Mr. Garcia said.

Over the past five years, total state spending on student aid has increased by about 59.6 percent, the survey said.

### **Hard Times, More Aid**

In some states, hard economic times can produce increases in state appropriations for student-aid programs, NASSGAP officials noted. That is because public colleges react to reductions in their own budgets by raising tuition, thus driving up the cost of each full-tuition scholarship or grant. Lawmakers often give aid programs additional funds to keep up with rising tuition costs, rather than ask program administrators to scale back the number of awards.

A much bigger force driving the recent surge in aid spending is the rapid growth of programs that distribute scholarships based on academic merit. States provided \$1.14-billion in non-need-based aid in 2000-1, some 23 percent, or \$215-million, more than the year before. Not all such dollars were distributed based on academic performance; some non-need-based aid programs select recipients based on other criteria, such as their geographic location or their choice of field. But merit-based scholarships accounted for most of the non-need-based aid.

Non-need-based aid programs accounted for 24 percent of the money awarded to students in 2000-1, up from 22 percent in the previous year, and 15 percent five years before.

The amount of need-based aid distributed by the states rose by 11.9 percent, or \$376-million, to \$3.54-billion in 2000-1.

The distinction between need-based and merit-based programs is not always clear. Twenty-two states have need-based grant programs that take merit into account in their eligibility criteria but are classified as need-based nonetheless.

Among individual states, the size of need-based aid programs, and the ratio of need-based aid to other forms, varied widely. Six states -- California, Illinois, Minnesota, New Jersey, New York, and Pennsylvania -- had exceptionally large programs of need-based aid that made up about 59 percent of the need-based-aid dollars that states awarded to students around the nation. Georgia did not award any dollars to students based on need, but maintained the nation's largest merit-based scholarship program. Nearly 74 percent of its undergraduate students received merit-based aid.

### **6 States Reduced Spending**

The survey, which covers all 50 states, Puerto Rico, and the District of Columbia, found that 43 governments reported

distributing more money to students in 2000-1 than they had in 1999-2000.

In three states -- Colorado, Mississippi, and South Dakota -- such spending was unchanged. Six other states -- Alabama, Alaska, New Hampshire, North Dakota, Utah, and Wyoming -- reduced their spending on student aid, but, in each case, the aid programs were relatively small compared with those found elsewhere.

The vast majority of states spent significantly more on student aid in 2000-1 than they had five years before. From 1995-96 to 2000-1, such spending nearly doubled in California, rising from \$238-million to \$462-million, and tripled in Florida, rising from \$101-million to \$303-million.

Some rural states had experienced substantial growth in their student-aid programs as a result of increased federal spending on the Leveraging Educational Assistance Partnership program, which provides states with matching grants to encourage them to spend more on need-based aid. Federal spending on the LEAP program rose from \$25-million in 1999-2000 to \$40-million in 2000-1 -- a 60-percent increase.

Undergraduate students remained the primary focus of the vast majority of state student-aid programs. Although 18 states had need-based aid programs for graduate students, most such programs were small; in aggregate, they accounted for less than 1 percent of the need-based grant dollars that states awarded. Fourteen states had programs that awarded merit-based scholarships to graduate students, and these programs accounted for about 4 percent of state spending on non-need-based aid.

As has been the case in past years, states varied widely in terms of how available they made grants to students. New York provided more than 40 percent of its undergraduate students with some form of need-based aid, but, in three out of five states, less than 15 percent of undergraduates received such assistance.

The report did not distinguish between funds derived from tax revenues and those that came from lotteries, which have emerged as a popular means of financing merit-based scholarship programs, but also are used to generate funds for need-based aid.

### **Other Agencies Pitch In**

The report's calculations of student-aid spending by each state did not account for loan-forgiveness and work-study programs

and certain special-purpose scholarships, such as those given to National Guard members. State student-assistance agencies spent about \$726-million on such programs and scholarships in 2000-1.

The report's calculations of state spending also did not take into consideration \$525-million in grants and scholarships provided to students through agencies other than those in charge of student aid.

Officials at NASSGAP noted, in issuing their most recent survey report, that there had been significant errors in last year's report due to the misreporting of need-based aid spending in Texas. As a result, the association incorrectly reported that total aggregate state spending on student aid had risen by 12.6 percent; the actual increase was about 10.9 percent.

A copy of the latest 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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**STATE SUPPORT FOR STUDENT AID, 2000-1**

	Need-based aid	Non-need-based aid	Total
Alabama	\$1,855,000	\$5,593,000	\$7,448,000
Alaska	0	\$1,435,000	\$1,435,000
Arizona	\$2,990,000	0	\$2,990,000
Arkansas	\$30,887,000	\$8,264,000	\$39,150,000
California	\$462,031,000	0	\$462,031,000
Colorado*	\$42,905,000	\$13,417,000	\$56,322,000
Connecticut	\$44,364,000	\$399,000	\$44,763,000
Delaware	\$1,373,000	\$375,000	\$1,749,000
District of Columbia	\$781,000	0	\$781,000
Florida	\$66,193,000	\$237,089,000	\$303,282,000
Georgia	0	\$310,995,000	\$310,995,000
Hawaii	\$535,000	0	\$535,000
Idaho	\$700,000	\$438,000	\$1,138,000

Illinois	\$360,529,000	\$24,708,000	\$385,238,000
Indiana	\$110,172,000	\$1,471,000	\$111,643,000
Iowa	\$52,632,000	\$468,000	\$53,099,000
Kansas	\$12,692,000	\$127,000	\$12,818,000
Kentucky	\$45,327,000	\$21,604,000	\$66,930,000
Louisiana	\$1,463,000	\$89,703,000	\$91,166,000
Maine	\$12,351,000	0	\$12,351,000
Maryland	\$44,299,000	\$6,797,000	\$51,096,000
Massachusetts	\$114,058,000	\$2,834,000	\$116,892,000
Michigan	\$106,101,000	0	\$106,101,000
Minnesota	\$120,426,000	\$39,000	\$120,464,000
Mississippi*	\$1,563,000	\$18,618,000	\$20,181,000
Missouri	\$28,058,000	\$15,824,000	\$43,882,000
Montana	\$2,204,000	\$991,000	\$3,194,000
Nebraska	\$5,975,000	0	\$5,975,000
Nevada	\$7,448,000	\$6,920,000	\$14,368,000
New Hampshire	\$1,488,000	\$9,000	\$1,497,000
New Jersey	\$174,554,000	\$23,065,000	\$197,619,000
New Mexico	\$18,236,000	\$21,322,000	\$39,558,000
New York	\$648,022,000	\$16,312,000	\$664,334,000
North Carolina	\$60,888,000	\$88,309,000	\$149,197,000
North Dakota	\$779,000	\$373,000	\$1,153,000
Ohio	\$98,607,000	\$75,570,000	\$174,176,000
Oklahoma	\$21,617,000	\$9,734,000	\$31,351,000
Oregon	\$19,711,000	0	\$19,711,000
Pennsylvania	\$325,234,000	0	\$325,234,000
Rhode Island	\$6,164,000	0	\$6,164,000
South Carolina	\$39,098,000	\$58,997,000	\$98,095,000

South Dakota	0	0	0
Tennessee	\$29,304,000	\$852,000	\$30,156,000
Texas	\$114,019,000	\$2,246,000	\$116,265,000
Utah	\$2,511,000	\$1,002,000	\$3,513,000
Vermont	\$14,538,000	\$87,000	\$14,625,000
Virginia	\$70,260,000	\$55,805,000	\$126,065,000
Washington	\$90,664,000	\$7,882,000	\$98,546,000
West Virginia	\$18,217,000	0	\$18,217,000
Wisconsin	\$65,356,000	\$10,922,000	\$76,278,000
Wyoming	0	0	0
Puerto Rico	\$41,061,000	0	\$41,061,000
<b>Total</b>	<b>\$3,540,236,000</b>	<b>\$1,140,594,000</b>	<b>\$4,680,831,000</b>

\* Figures cover 1999-2000.

Note: Figures for need-based aid include federal money from the Leveraging Educational Assistance Partnership and Special Leveraging Educational Assistance Partnership programs. Details may not equal totals because of rounding.

**SOURCE:** National Association of State Student Grant and Aid Programs

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