

State-Funded Financial Aid for Higher Education, Academic Year 2002-03

Southern states granted \$1.95 billion in state funds to college students, primarily undergraduates, during the 2002-03 academic year. Not only has the amount of grant money disbursed by Southern states grown significantly over the last decade, but several Southern states now lead the nation in state grant aid distributed on a per capita basis.

These findings come from a recent report issued by the National Association of State Student Grant and Aid Programs (NASSGAP), the professional association of state agencies responsible for disbursing student aid. The study, entitled "[The 34th Annual Survey Report on State-Sponsored Financial Aid.](#)" is part of report series that documents state-funded expenditures on student aid for post-secondary education.

Key terms used in NASSGAP's report are the following:

- **Grant Aid** is financial assistance that students must not repay after completing their studies. Grant aid is a key factor in allowing low-income students to attend college.
- **State-Funded Grants** are monies provided from state treasuries to college students. State-supported loans or federal financial aid programs are not included in this category.
- **Need-Based Aid** is financial assistance awarded to people on the basis of their economic situation.
- **Non Need-Based Aid** is financial assistance provided to a student regardless of the person's economic situation.

Table 1 provides data on the grants awarded by Southern states during the 2002-03 academic year.

- When measured as a percentage of higher education operating expenses, South Carolina and Georgia led the nation in the amount of grant aid provided to students. Louisiana also ranked among the top ten nationally.
- South Carolina and Georgia led the nation in the amount of grant aid provided on a per capita basis to people age 18-24.

Table 1: State-Funded Grant Aid in the South, Academic Year 2002-2003 (Ranked by Aid as % of Higher Education Operating Expenses)					
State	Need Based Grant Aid (in millions)	Non Need-Based Grant Aid (in millions)	Total (in millions)	Total Grant Dollars/ Population Age 18-24	<i>Grant Aid as a % of Higher Ed. Operating Expenses</i>
SC	\$67.9	\$132.7	\$200.5	\$466.96	27.1%
GA	\$1.5	\$395.8	\$397.3	\$457.20	23.8%
LA	\$1.5	\$145.1	\$146.5	\$295.55	13.9%
KY	\$51.7	\$61.1	\$112.8	\$268.89	10.6%
FL	\$88.7	\$204.7	\$293.4	\$209.03	10.2%
WV	\$19.2	\$19.0	\$38.2	\$219.69	10.1%
VA	\$71.0	\$52.0	\$122.9	\$170.56	8.6%
TX	\$337.5	\$4.2	\$341.7	\$149.40	7.1%
NC	\$84.4	\$59.8	\$144.2	\$176.83	5.9%
TN	\$54.5	\$0.6	\$55.1	\$99.52	5.0%
OK	\$24.4	\$10.5	\$34.9	\$92.57	4.7%
AR	\$21.0	\$7.4	\$28.4	\$104.31	4.6%
MS	\$1.3	\$19.0	\$20.4	\$63.16	2.7%
AL	\$1.7	\$10.5	\$12.2	\$26.92	1.0%
South	\$826.3	\$1,122.3	\$1,948.6	\$498.05	9.3%
US	\$4,230.0	\$1,553.8	\$5,783.8	\$204.07	9.4%

Sources: NASSGAP. "34th Annual Survey Report on State-Sponsored Student Financial Aid." Tables 4, 5, 6, 11 and 14. (www.nassgap.org/researchsurveys/34th%20NASSGAP%20Survey%20Report.pdf)

- Collectively, the South provided over twice as much grant money on a per capita basis to people age 18-24 than the nation as a whole.

Table 2 shows the trends in state grant spending over the past decade. Key points include the following:

State	One Year Change (AY 01-02 v. 02-03)	Five Year Change (AY 97-98 v. 02-03)	Ten Year Change (AY 93-94 v. 02-03)
AL	65.2%	53.5%	54.2%
AR	-25.1%	84.5%	298.3%
FL	-8.8%	117.4%	284.3%
GA	9.7%	89.9%	1529.7%
KY	30.7%	314.7%	449.8%
LA	40.7%	648.0%	1811.5%
MS	-5.7%	1671.9%	1408.2%
NC	-13.1%	37.0%	405.2%
OK	3.4%	22.9%	81.7%
SC	96.5%	814.8%	1072.3%
TN	45.4%	158.2%	277.8%
TX	60.8%	416.8%	1028.2%
VA	-2.9%	26.8%	357.4%
WV	7.3%	33.5%	71.4%
US	12.3%	70.6%	163.3%

Sources: NASSGAP. "34th Annual Survey Report on State-Sponsored Student Financial Aid." Table 6
(www.nassgap.org/researchsurveys/34th%20NASSGAP%20Survey%20Report.pdf)

- In spite of budget difficulties, 10 Southern states increased their grant spending in academic year 2002-03 compared to 2001-02. South Carolina's 96.5 percent increase led the region.
- The biggest decline over the last year occurred in Arkansas, where expenditures dropped by 25.1 percent. Mississippi, North Carolina and Virginia also posted decreases between academic years 2002-03 and 2001-02.
- Over the past five years, every Southern state has increased spending on grants. Increases range from 26.8 percent in Virginia to 1,671.9 percent in Mississippi.
- Over the last decade, every Southern state has increased expenditures by at least 54 percent. Georgia posted the largest increase – 1,528 percent.
- Much of the increased spending in South Carolina and Georgia has resulted from lotteries in those states.

Articles of Interest

This year, the federal Higher Education Assistance Act is up for renewal. Here are some articles related to the debate occurring in Washington.

U.S. House Committee on Education and the Workforce. "*The College Cost Crisis.*" September 2003.
(<http://edworkforce.house.gov/issues/108th/education/highereducation/CollegeCostCrisisReport.pdf>)

* A controversial U.S. House Committee report on the issue of rising college tuition.

Center for American Progress. "*Putting Students First.*" April 2004.
(<http://edworkforce.house.gov/issues/108th/education/highereducation/CollegeCostCrisisReport.pdf>)

* An analysis of different ways of administering federal student loan programs.

American Council on Education. "*What Is the Higher Education Act? Issue and Answers.*" February 2004.
(<http://www.acenet.edu/hena/readArticle.cfm?articleID=499>)

* A primer on the different provisions of the Higher Education Act.

American Enterprise Institute. "*The Fiscal and Social Costs of Consolidating Student Loans at Fixed Interest Rates.*" March 2004.
(http://www.aei.org/docLib/20040310_studentloanconsolidation.pdf)

* An analysis of the costs involved with the student loan consolidation program.

Innovative Programs

Last fall, the University of North Carolina at Chapel Hill announced the creation of the Carolina Covenant, a program that will allow students from families with incomes at or below 150 percent of the federal poverty line to graduate UNC free of debt. Such students must commit to work on campus for 10-12 hours each week, and the remaining funds will come from a package of federal, state, university and private grants and scholarships.

The Carolina Covenant has sparked discussion on accessibility to higher education and already has become a model for similar programs at other schools, including the University of Virginia.

Information on Carolina's program is available at <http://carolinafirst.unc.edu/carolinacovenant/>

Information on UVA's plan is available at <http://www.virginia.edu/topnews/releases2004/financial-feb-6-2004.html>

Other Articles

John Quinterno. "North Carolina Forgets Its Roots, Loses Memory" (opinion). *The Charlotte Observer*, May 29, 2004. (<http://www.charlotte.com/mld/charlotte/news/8790426.htm>)