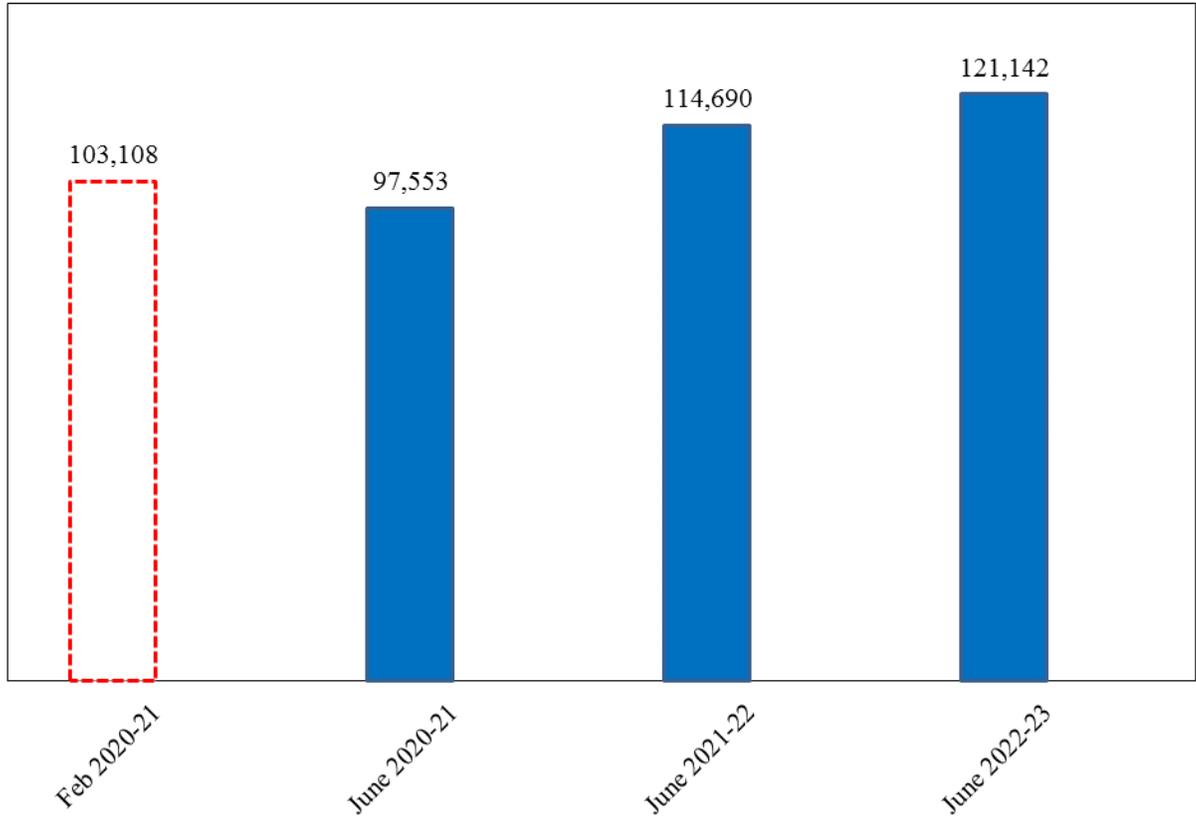


Washington College Grant Forecast



Starting in the 2020-21 academic year, the Washington College Grant (WCG) will provide all eligible students with financial aid awards based on public tuition rates. WCG can be used at public and private participating institutions of higher education in Washington State. A grant will also be offered to certain apprentices. The Washington Student Achievement Council (WSAC) will administer the WCG. This is a new caseload as required under HB 2158, passed during the 2019 legislative session. Previously, the program was not an entitlement. It was called the State Need Grant (SNG) and renamed to WCG in the 2019-20 academic year. The Caseload Forecast Council provides both a headcount and full-time equivalent (FTE) enrollment forecast for WCG.

Headcount Forecast Comparisons (Academic Year Averages)

Academic Year	Feb-20 Forecast	Jun-20 Forecast	Feb to Jun Difference	Percent Difference
2019-20				
2020-21	103,108	97,553	-5,555	-5.7%
2021-22		114,690	114,690	
2022-23		121,142	121,142	

The June forecast is 5.7 percent lower than the February forecast for WGC.

FTE Forecast Comparisons (Academic Year Averages)

Academic Year	Feb-20 Forecast	Jun-20 Forecast	Feb to Jun Difference	Percent Difference
2019-20				
2020-21	86,609	81,891	-4,718	-5.8%
2021-22		95,375	95,375	
2022-23		100,861	100,861	

For the WCG FTE forecast, the June forecast declined by 5.8 percent from February.

Academic Year Caseload Change (Headcount)

	Academic Year	Caseload	Change from Prior Year	Percent Change
<i>Forecast</i>	2020-21	97,553		
	2021-22	114,690	17,136	17.6%
	2022-23	121,142	6,452	5.6%

The WCG serves Washington State residents, including the traditional college age (18-24) and the adult population (age 25+). The WCG replaces the SNG, converts it to an entitlement, and lifts the income limit for eligibility. Currently, the family income eligibility is set at 70 percent of the state's Median Family Income (MFI) and the number of recipients is capped through state appropriations. Starting in the 2020-21 academic year: (1) all eligible students will receive a grant and (2) the eligible population is expanded up to students with family incomes at 100 percent of the state's MFI.

The June WCG forecast is adjusted to reflect the COVID-19 impacts on higher education institutions, WCG students, and the economy. Initially, the forecast for 2020-21 is reduced by 5.7 percent due uncertainty regarding health risks, the way academic content will be delivered (in-person, online, or hybrid), and concern about living on-or-near campus. Older students also face uncertainty around their own children's childcare and schooling.

The WCG forecast assumes the period post-vaccine (or improved health treatments) will continue to have higher than normal unemployment. Historically, periods of high unemployment in Washington State come with a corresponding increase in students qualifying for state financial aid programs, with a particularly sharp increase in older students (age 25+). Further, there is a tightly correlated relationship between rising unemployment and increasing enrollments at Washington State's Community and Technical College (CTC). This occurs as older adults enroll for job retraining or to boost skills. For the 2021-22 academic year, the WCG is forecasted to rise 17.6 percent year-over-year. An additional growth of 5.6 percent is forecast for the 2022-23 academic year. The forecast projects the sharpest increase will be in the population over age 25 with family incomes at or below 55 percent of Median Family Income (MFI). The CTC sector is forecast to see the highest increase.

Risks to the Forecast

Risks to the WCG forecast are high. Uncertainty surrounds the 2020-21 academic year as it is unclear how institutions will operate and how eligible WCG students will respond. The length and shape of the economic downturn and recovery will also impact the WCG forecast as demand for higher education and state financial aid programs are inversely correlated with the state's unemployment rate.

Apprenticeships

HB 2158 extended the WCG to a new category of registered apprenticeships, effective on July 1, 2020. The program is currently in the implementation phase. Prior WCG being awarded individual apprentices, their apprenticeship providers must be approved by WSAC, similar to the way higher education institutions are approved by WSAC to participate in state financial aid programs. WSAC will open the apprenticeship provider application window in summer 2020. No official caseload forecast will be made until WSAC approves apprenticeship providers. It is likely COVID-19 will also delay some. Early, pre-COVID-19 estimates suggested a range of 3,000 to 4,000 apprenticeships would be eligible for the new category.

WCG Forecast Technical Notes

Technical notes are provided as the WCG forecast is new.

Data

The forecast relies on two sources of reports for headcount and FTE data. The institutions of higher education submit these to WSAC for financial aid reporting.

The Interim Report (IR) is updated four times within the academic year—after fall, winter, spring, and summer terms. It provides student level detail of paid state aid. At this time, IR does not include data on students with family incomes over 70 percent MFI. That will change in the 2020-21 academic year and the IR data will be a key part of the forecast.

The Unit Record Report (URR) is an annual report submitted upon completion of the academic year. Its data includes all need-based aid and includes federal, state, and federal loans. Need-based aid includes, but is not limited to, students who receive state aid programs as well as federal Pell Grants and subsidized federal loans. The URR is the only data set available for students in the MFI 71-100 category. It is also the only source of historical age level data. Institutions of higher education are required to submit data on all need-based aid recipients to WSAC through the URR in order to participate in the SNG/WCG. The data set spans from the 2004-05 to the 2018-19 academic years. Data is made available in January and the February forecast incorporated the 2018-19 data into the headcount model.

Washington State unemployment rates come from the Economic Revenue Forecast Council (ERFC). The June caseload forecast relies on the preliminary June economic forecast prepared by the ERFC, dated May 27, 2020.

Methodology for Forecasting Headcounts

The WCG forecast relies upon historical headcount data from the URR, specifically looking at the following variables: enrolled for a minimum of 3 quarter credits (or semester equivalent), student age, institution, sector, and family income at or below 100 percent MFI.

Historically, demand for higher education financial aid has distinct enrollment patterns based on age and income. WCG headcount is forecasted using a regression model for the following age groups for the MFI 0-55 and MFI 56-70 group: Age 17 and under, Age 18-21, Age 22-24, Age 25-29, Age 30-34, Age 35-40, Age 41-50, Age 51-59, and Age 60 and Over. The MFI 71-75 and MFI 76-100 groups were forecasted using the total headcount. The regression model used the 3rd quarter unemployment rates Washington State's as published by the ERFC.

Finally, in addition to MFI and minimum quarter/semester credit load, there are additional eligibility criteria for the program. A student may be not be eligible if one of the following applies: (1) additional financial resources, exceed length of time of study by 125 percent, not meeting satisfactory academic progress, a major in theology, and/or a few other criteria. Age, sector, and MFI influence the eligibility rates.

While historical eligibility rates exist and were used for the currently eligible MFI 0-70 percent population, the expansion group's eligibility is unknown. As such, the age and sector eligibility rates from nearest known MFI band, MFI 56 to 70 percent, were applied to the expansion group to develop the forecast for the 2020-21 academic year.

Methodology for Forecasting Full-Time Equivalent (FTE) Enrollment

The WCG forecast also includes a FTE forecast, which represents the average credit load. WCG FTE is forecasted by taking the WCG forecasted headcount (HC) and applying a FTE/HC estimate by sector for the following MFI groups: 0-55, 56-70, 71-75, and 76-100.

The WCG forecast assumes that, for the MFI 0-55 and 56-70 categories, when a student receives the WCG, the student will take more credits than if the student had not received the WCG. To model this assumption, the forecast isolated four years of data for SNG served students within the MFI 0-55 and 56-70 categories, looking at the Total FTE and the total HC. The Total FTE number is then divided by the SNG Served HC. A four-year average is calculated and that is applied to the WCG forecast to estimate FTE for MFI 0-55 and 56-70 categories.

A student's record is included as long as the student received a SNG for at least one term during the academic year. The Total FTE includes all credits earned in that year, even for terms not covered by the SNG. (For many students, this means summer term.) Under WCG, a student who is enrolled and meets eligibility will be entitled to receive the grant. Whereas under SNG, the student might not have been served for a term if the institution did not have enough SNG funds to cover the student.