

Contact: Diana Gonzalez

ANNUAL REGENT STUDENT FINANCIAL AID STUDY

Action Requested: Receive the annual Regent student financial aid study.

Executive Summary: In response to the Board's request for information regarding the socio-economic status of students who receive financial aid at the Regent universities, the Board Office and institutional representatives designed the annual Regent Financial Aid Study in 2004. The study analyzes student financial aid by family income (AGI) and by expected family contribution (EFC) of a segment of the population of financial aid recipients. This annual report, which looks at characteristics of students receiving financial aid, differs from Agenda Item 20, which looks at the volume of financial aid distributed at the Regent universities.

The results of the Regent Student Financial Aid Study conducted in Fall 2008 revealed that, in 2007-08, there were 23,475 **full-time, resident, dependent undergraduate** FAFSA¹ filers who received and accepted financial aid at one of the Regent universities.² This is an increase of 242 students (+1.0%) from the prior year.

- ◆ At the three Regent universities, a financial aid package is designed for each student who applies and completes a FAFSA. The financial aid package, which includes a combination of grants/scholarships, work-study, and loans³, is designed to meet each student's total need. However, frequently, students, especially those with an EFC \leq \$6,000, do not accept certain components of the package, such as employment or loans. This results in unmet financial need for the student.
- ◆ Financial need is calculated by subtracting the expected family contribution from the cost of attendance (tuition, fees, books, room and board, and personal expenses).
 - ▮ Unmet financial need results when the financial aid (grants, scholarships, loans, and work-study) provided by the institution or other sources and accepted by the student is less than the total need.
 - ▮ Overmet financial need results when the financial aid accepted by the student primarily through non-need based programs exceeds total need. These dollars may be used to help defray the expected family contribution.
- ◆ Changes/Trends
 - ▮ Students with a family AGI $<$ \$15,000 tend to have a higher average total grant award and a smaller total loan award accepted while students with a family AGI \geq \$45,000 tend to have a smaller grant award and a higher total loan award accepted.
 - ▮ The Regent average grant awards are lower than the national average due in large part to the lack of state grants, which also contributes to the Regent average loan awards being higher than the national average.⁴

¹ FAFSA – Free Application for Federal Student Aid.

² There were approximately 36,100 full-time, resident undergraduates in Fall 2008.

³ From all sources, including PLUS.

⁴ National Postsecondary Student Aid Study (NPSAS) 2003-04.

- ☞ This is the first year of an increase in the number of full-time, resident, dependent undergraduate FAFSA¹ filers during the last three years.
- ☞ The number of students with an EFC = \$0 increased by 352 (+39.8%) from the prior year.
- ☞ Using the expected family contribution criterion, the number of students whose average financial aid accepted exceeded the calculated need decreased by 1,040 students (-6.3%).
- ☞ All students in the financial aid study received some type of financial aid. However, the largest proportion of the students (≈87%) received a loan; ≈58% received an institutional or private grant; ≈26% received a federal grant; ≈11% received work-study funds; and ≈6% received a state grant.
- ☞ Using the adjusted gross income table criterion, the number of students whose average financial aid accepted exceeded the calculated need decreased by 2,813 (-15.8%).
- ☞ The State of Iowa has ranked first in college participation rates for students from low income families in four of the previous five years.²

◇ The following table describes the average financial need by EFC for all students in this study at the three universities. Students with an EFC ≥ \$6,001 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$6,119 due, in large part, to receiving non-need-based loans. This group constitutes the majority of students (65.4%).

**AVERAGE FINANCIAL NEED BY EXPECTED FAMILY CONTRIBUTION
2007-08**

Expected Family Contribution (EFC)	Number of Students (n=23,475) and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	1,237 (5.3%)	82.04%	\$3,004
\$1 - \$2,000	2,332 (9.9%)	80.43%	\$3,206
\$2,001 - \$4,110	2,429 (10.3%)	87.60%	\$1,744
\$4,111 - \$6,000	2,114 (9.0%)	93.71%	\$768
\$6,001 - \$8,000	1,965 (8.4%)	>100.00%	-\$755
\$8,001 - \$11,000	2,640 (11.2%)	>100.00%	-\$2,778
\$11,001 - \$14,000	2,107 (9.0%)	>100.00%	-\$5,186
>\$14,000	8,651 (36.9%)	>100.00%	-\$8,584

◇ The following table describes the average financial need by adjusted gross income (AGI) for all students in this study at the three universities. Students whose families had an AGI ≥ \$60,000 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$6,059 due, in large part, to receiving non-need-based loans. This group also constitutes the majority of students (63.8%).

¹ FAFSA – Free Application for Federal Student Aid.

² Postsecondary Education Opportunity, February 2009.

**AVERAGE FINANCIAL NEED BY ADJUSTED GROSS INCOME
2007-08**

Family Income Range by Adjusted Gross Income (AGI)	Number of Students (n=23,475) and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
<\$15,000	971 (4.1%)	80.93%	\$3,118
\$15,000 - \$29,999	1,708 (7.3%)	81.94%	\$2,870
\$30,000 - \$44,999	2,612 (11.1%)	87.96%	\$1,681
\$45,000 - \$59,999	3,211 (13.7%)	99.28%	\$83
\$60,000 - \$74,999	3,544 (15.1%)	>100.00%	-\$2,546
\$75,000 - \$89,999	3,373 (14.4%)	>100.00%	-\$5,679
≥\$90,000	8,056 (34.3%)	>100.00%	-\$7,765

The Regent Financial Aid Study addresses the Board of Regents Strategic Plan strategies (1.1.2) to “continue to improve efforts to recruit, enroll, and retain a qualified and diverse student population” and (1.2.2) “continue efforts to maintain and enhance affordability of the Regent universities.”

Background:

- ◇ The Regent Financial Aid Study includes the following variables:
 - ☛ FAFSA filers who are undergraduates, full-time, dependent students, Iowa residents, receiving financial aid;
 - ☛ family income (adjusted gross income);
 - ☛ cost of attendance (with/without budget adjustments);
 - ☛ expected family contribution;
 - ☛ total need;
 - ☛ total financial aid accepted; and
 - ☛ financial need not met by aid accepted by students.

- ◇ At the University of Iowa, there were 7,489 students in this study who received and accepted financial aid in 2007-08. This is a decrease of 144 students (-1.9%) from the prior year.
 - ☛ The majority of the students (74.9%) had an EFC ≥ \$4,111 and no unmet need. The average financial aid accepted by students with an EFC ≥ \$4,111 exceeded the calculated need by \$5,839 due, in large part, to receiving non-need-based loans.
 - ☛ Approximately 99% of the students with an EFC ≤ \$4,110 received some type of grant with an average grant award of \$6,668. More than 84% of the students with an EFC ≤ \$4,110 received some type of loan with an average loan award of \$7,212.
 - ☛ About 50% of the students with an EFC ≥ \$4,111 received some type of grant with an average grant award of \$4,072. More than 87% of the students with an EFC ≥ \$4,111 received some type of loan with an average loan award of \$9,189.

- ◇ At Iowa State University, there were 9,841 students in this study who received financial aid in 2007-08. This is an increase of 79 students (+0.8%) from the prior year.
 - ☛ The majority of the students (64.7%) had an EFC \geq \$6,001 and no unmet need. The average financial aid accepted by students with an EFC \geq \$6,001 exceeded the calculated need by \$6,108 due, in large part, to receiving non-need-based loans.
 - ☛ Approximately 95% of the students with an EFC \leq \$6,000 received some type of grant with an average grant award of \$5,346. Approximately 89% of the students with an EFC \leq \$6,000 received some type of loan with an average loan award of \$7,843.
 - ☛ Approximately 64% of the students with an EFC \geq \$6,001 received some type of grant with an average grant award of \$2,643. Approximately 83% of the students with an EFC \geq \$6,001 received some type of loan with an average loan award of \$9,481.

- ◇ At the University of Northern Iowa, there were 6,145 students in this study who received financial aid in 2007-08. This is an increase of 307 students (+5.3%) from the prior year.
 - ☛ The majority of the students (65.2%) had an EFC \geq \$6,001 and no unmet need. The average financial aid accepted by students with an EFC \geq \$6,001 exceeded the calculated need by \$5,563 due, in large part, to receiving non-need-based loans.
 - ☛ Approximately 97% of the students with an EFC \leq \$6,000 received some type of grant with an average grant award of \$4,068. More than 93% of the students with an EFC \leq \$6,000 received some type of loan with an average loan award of \$8,293.
 - ☛ Approximately 46% of the students with an EFC \geq \$6,001 received some type of grant with an average grant award of \$2,638. Approximately 88% of the students with an EFC \geq \$6,001 received some type of loan with an average loan award of \$9,184.

- ◇ The following table describes the types of financial aid by expected family contribution and the average unmet need for all Regent university students in the 2007-08 study. As noted earlier, unmet need results when students do not accept certain components of financial aid offered, such as loans and employment.

**EXPECTED FAMILY CONTRIBUTION AND AVERAGE UNMET NEED
2007-08**

Expected Family Contribution (EFC) Range	Number & % of Students (n=23,475)	Average EFC	Average Total Need	Average Total Grants (n=15,961)	Average Total Work-Study (n=2,674)	Average Total Loans ¹ (n=20,408)	Average Total Financial Aid Accepted (n=23,475)	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	1,237 (5.3%)	\$0	\$16,726	\$7,711 n=1,220	\$2,051 n=304	\$6,748 n=1,032	\$13,722 n=1,237	\$3,004
\$1 - \$2,000	2,332 (9.9%)	\$875	\$16,381	\$6,695 n=2,326	\$2,140 n=579	\$6,857 n=2,031	\$13,175 n=2,332	\$3,206
\$2,001 - \$4,110	2,429 (10.3%)	\$3,073	\$14,069	\$4,154 n=2,422	\$2,125 n=598	\$8,378 n=2,216	\$12,325 n=2,429	\$1,744
\$4,111 - \$6,000	2,114 (9.0%)	\$4,965	\$12,201	\$3,327 n=1,618	\$1,725 n=205	\$9,083 n=1,964	\$11,433 n=2,114	\$768
\$6,001 - \$8,000	1,965 (8.4%)	\$6,697	\$10,306	\$3,405 n=1,275	\$2,141 n=333	\$9,318 n=1,789	\$11,061 n=1,965	-\$755
\$8,001 - \$11,000	2,640 (11.2%)	\$9,442	\$7,899	\$3,318 n=1,700	\$1,987 n=356	\$9,087 n=2,403	\$10,677 n=2,640	-\$2,778
\$11,001 - \$14,000	2,107 (9.0%)	\$12,178	\$4,959	\$3,014 n=1,254	\$1,782 n=197	\$9,372 n=1,865	\$10,145 n=2,107	-\$5,186
>\$14,000	8,651 (36.9%)	\$28,643	\$455	\$2,739 n=102	\$1,663 n=102	\$9,381 n=7,108	\$9,039 n=8,651	-\$8,584

◆ Using family income as the criterion, the following table compares the 2007-08 average grant and loan awards in the Fall 2008 Regent Financial Aid Study to the two prior years. In 2007-08, there were 15,956 students who received some type of grant; this represents an increase of 631 students (+4.1%) from 2005-06. In 2007-08, there were 23,408 students who received some type of loan; this represents an increase of 2,722 (+13.2%) from 2005-06.

Family Income Range by AGI	Number & % of Students 2007-08 (n=23,475)	Average Regent Total Grants 2007-08 (n=15,956)	Average Regent Total Grants 2006-07 (n=15,264)	Average Regent Total Grants 2005-06 (15,325)	Average Regent Total Loans 2007-08 (23,408)	Average Regent Total Loans 2006-07 (n=20,248)	Average Regent Total Loans 2005-06 (20,686)
<\$30,000	2,679 (11.4%)	\$6,972 n=2,601	\$6,291 n=2,549	\$5,611 n=2,710	\$6,824 n=2,271	\$7,000 n=2,274	\$6,907 n=2,466
\$30,000 - \$59,999	5,823 (24.8%)	\$4,561 n=4,939	\$4,030 n=5,002	\$3,630 n=5,303	\$8,325 n=5,205	\$8,483 n=5,542	\$8,227 n=5,946
\$60,000 - \$89,999	6,917 (29.5%)	\$3,071 n=4,338	\$2,997 n=4,154	\$2,806 n=4,187	\$9,427 n=9,228	\$9,227 n=6,376	\$8,980 n=6,644
≥\$90,000	8,056 (34.3%)	\$2,826 n=4,078	\$2,617 n=3,559	\$2,516 n=3,125	\$9,363 n=6,704	\$9,109 n=6,056	\$8,883 n=5,630

¹ From all sources, including PLUS.

◆ Issues.

- ### EFC reflects a number of variables in addition to family income – family size; number of siblings in college; age of oldest parent; family assets; untaxed income; and allowances against income. This can result in an EFC that appears inconsistent with the family AGI.
- ### The financial aid packages offered to students do not include institutional employment (other than work-study) or off-campus employment. Institutional and off-campus employment can be used by students to meet their financial need.
- ### Except for programs such as ROTC, federal grants are primarily need-based; state grants are also need-based. For institutional/private grants, there is a mix of need-based and merit-based aid.
- ### Loans, such as Perkins and subsidized Stafford loans, require demonstration of financial need. Other loans, such as unsubsidized Stafford loans, PLUS, and alternative loans, do not require demonstration of need.
- ### Interest rate increases which became effective on July 1, 2006 for the Stafford and PLUS loan programs may have resulted in different borrowing practices. Both programs changed from annual variable rates to fixed rates of 6.8% and 7.9%, respectively.
- ### The increase in maximum Pell Grant award included in the recently-signed Stimulus Bill has the potential to assist students whose EFC \leq \$6,000.