

Contact: Jason Pontius

**ANNUAL STUDENT FINANCIAL AID REPORT**

**Action Requested:** Receive the Annual Student Financial Aid report.

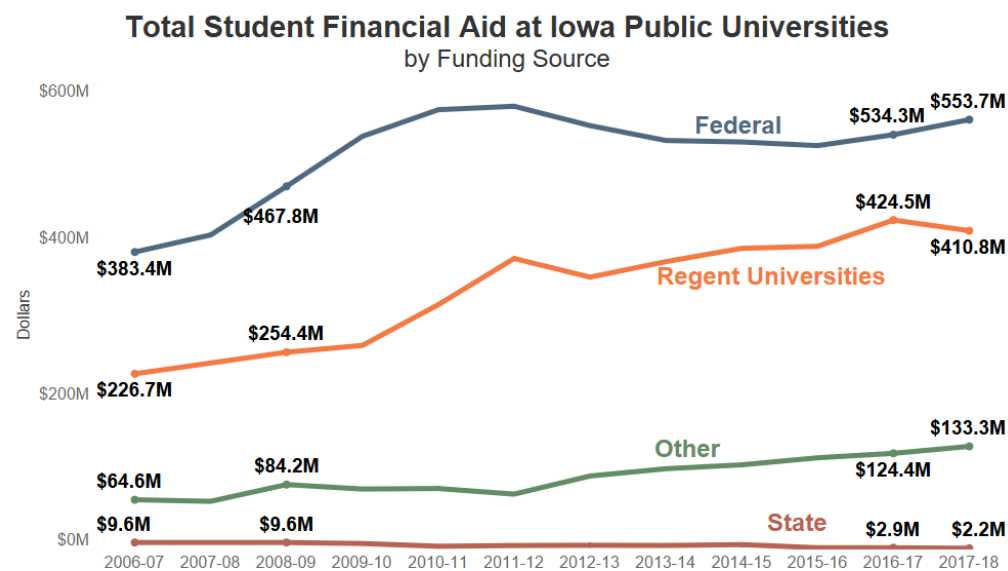
**Executive Summary:** This annual report details trends in student financial aid awarded at Regent universities. Financial aid, in the form of grants, scholarships, campus employment, and loans is available to all eligible Regent university students. In 2017-18, the total amount of financial aid awarded to students (both undergraduate and graduate students) was \$1.1 billion, up +0.9% from last year's total of \$1.09 billion.

Financial aid comes from four primary sources:

- Federal government (U.S. Department of Education)
- Institutional (Regent university financial aid distributed by the offices of student financial aid, academic colleges, and university foundations)
- State of Iowa
- Other (private organizations, foundations, and companies)

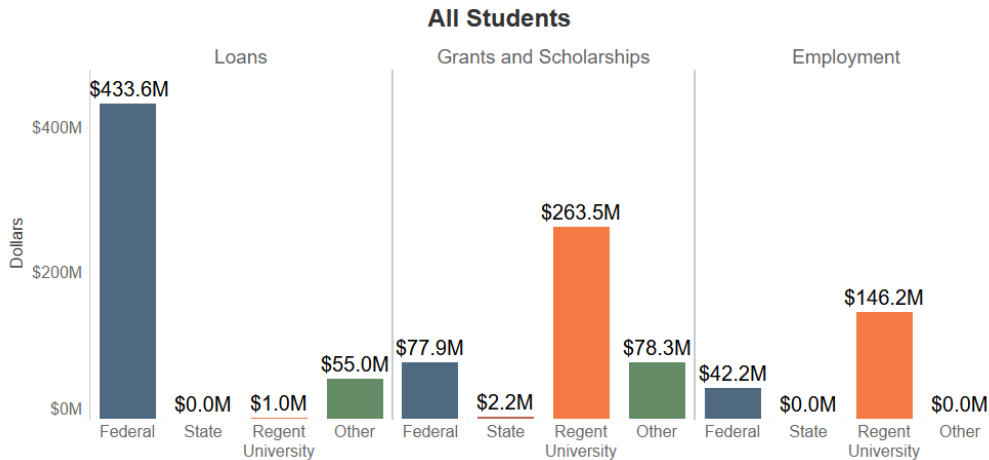
**All Student Financial Aid (Undergraduate and Graduate)**

Federal financial aid for the Regent universities has shown some small growth over the last two years, while state-supported financial aid has continued its decline. Financial aid provided by the universities and private groups (marked as "Institutional" and "Other", respectively on the graph below) has increased to fill the gap. A \$13.7 million drop in Regent university institutional aid from 2016-17 to 2017-18 was the result of a \$29.2 million drop in the recorded graduate employment financial aid provided by the University of Iowa. Half of this drop was the result of changes in accounting rules and the other half was due to normal fluctuations in graduate assistantships.



As seen below, the federal government provides the vast majority of student loans. Scholarships, grants, and campus employment opportunities do not need to be repaid and the universities provide most of the funding in these two categories. The majority (62%) of university institutional employment is provided through graduate student assistantships.

**Iowa Public University Student Financial Aid  
by Type & Funding Source, 2017-18**

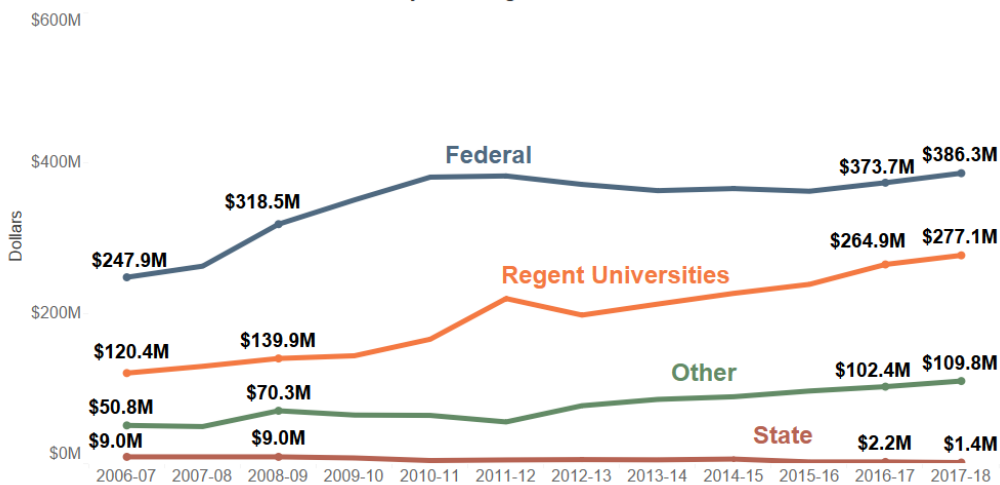


Source: Iowa College Student Aid Commission

**Undergraduates**

Student financial aid for undergraduates comprises 70% of all financial aid for Regent university students (\$774.6 million of \$1.1 billion in 2017-18). Financial aid for undergraduates has changed over the past 10 years by source: federal government (+21.3% increase), Regent universities (+98% increase), other sources (+56.2% increase), and the State of Iowa (-84.4% decrease). Overall undergraduate financial aid trends are similar to those seen for total student financial aid.

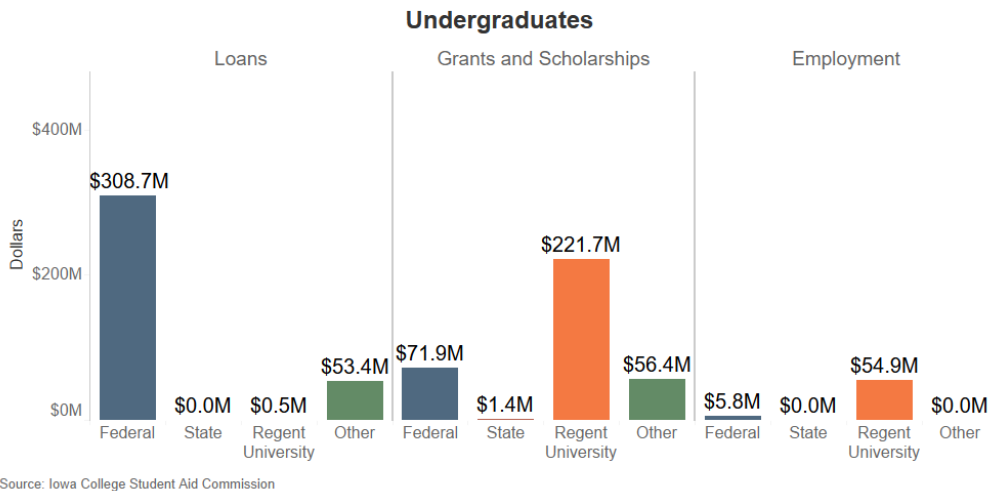
**Undergraduate Financial Aid at Iowa Public Universities  
by Funding Source**



Source: Iowa College Student Aid Commission  
Regent University or Institutional Aid = aid from university academic colleges, foundations, and financial aid offices

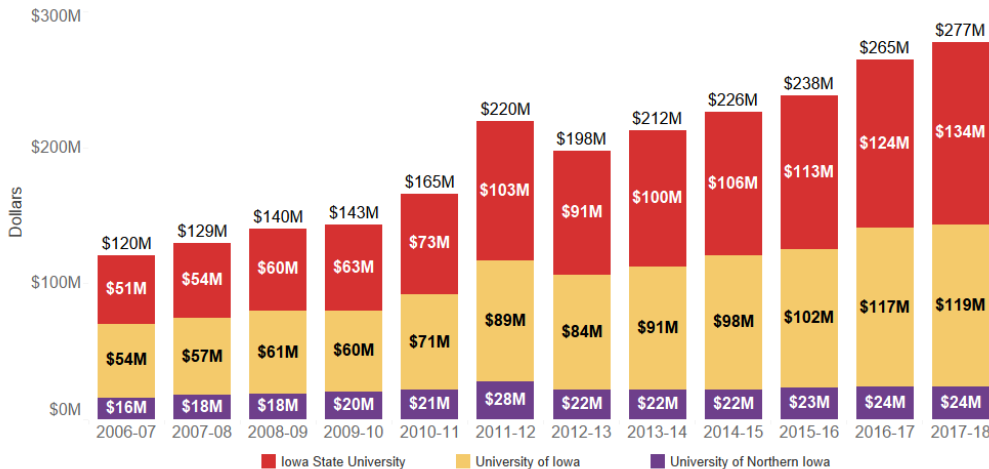
Of the total \$433.6 million of federal loans taken out by Regent university students, undergraduates use \$308.7 million or 71%. Undergraduates use 84% (\$221.7 million) of the available institutional grants, but only 38% (\$54.9 million) of institutional employment funding. Most university employment for undergraduates is through university work-study programs, which grew significantly when the state of Iowa eliminated its work-study program in FY 2010.

**Iowa Public University Student Financial Aid  
by Type & Funding Source, 2017-18**



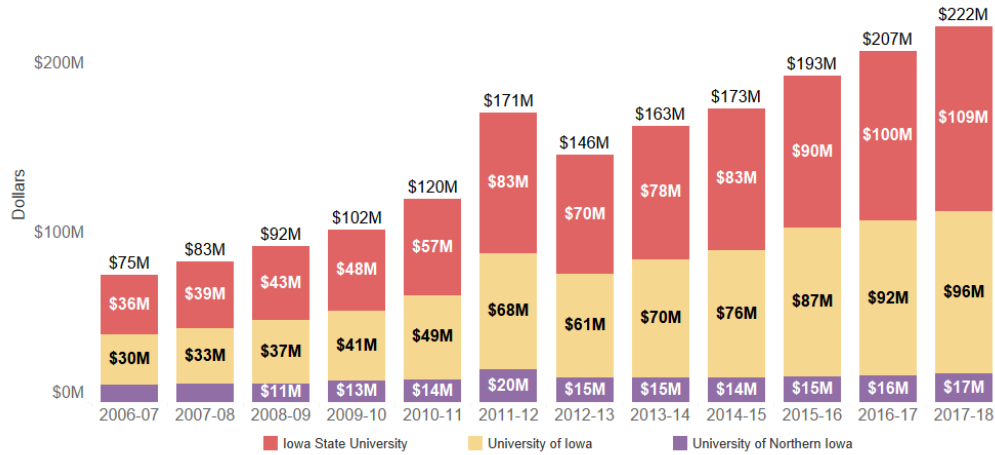
As part of the Regent university mission to make an education as affordable as possible, the universities continue to provide increasing amounts of institutional financial aid, particularly to undergraduate students (see graph below for institutional aid by university).

**Total University Aid Provided to Undergraduates  
by Iowa Public University**



Eighty percent of university institutional aid provided to undergraduates is in the form of grants or scholarships. That amount grew by +7.2% over the past year. The universities are the single largest source of all scholarships and grants available to undergraduates.

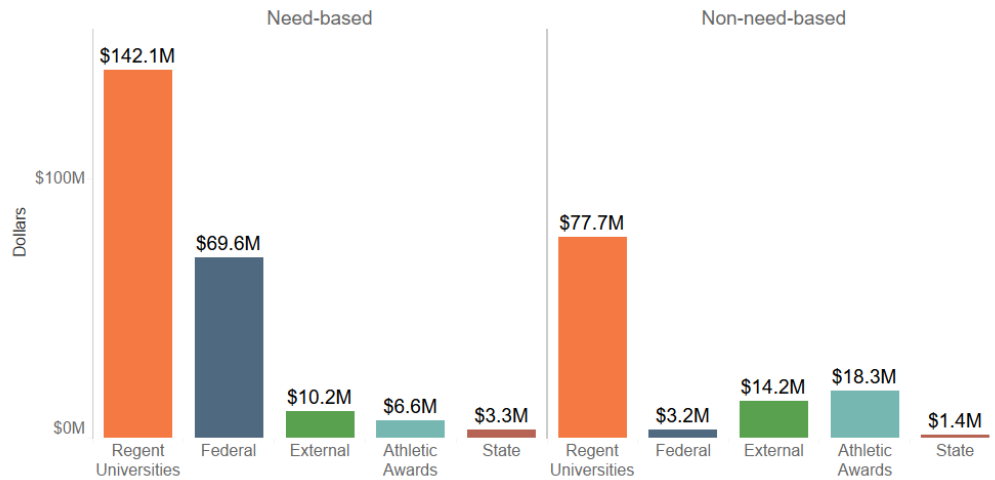
**University Grants & Scholarships Provided to Undergraduates**  
by Iowa Public University



Source: Iowa College Student Aid Commission  
Institutional grants and scholarships are provided by the three Regent universities and distributed by academic colleges, foundations, and financial aid offices

Most of these university institutional funds (65%) are reserved for students with demonstrated financial need.

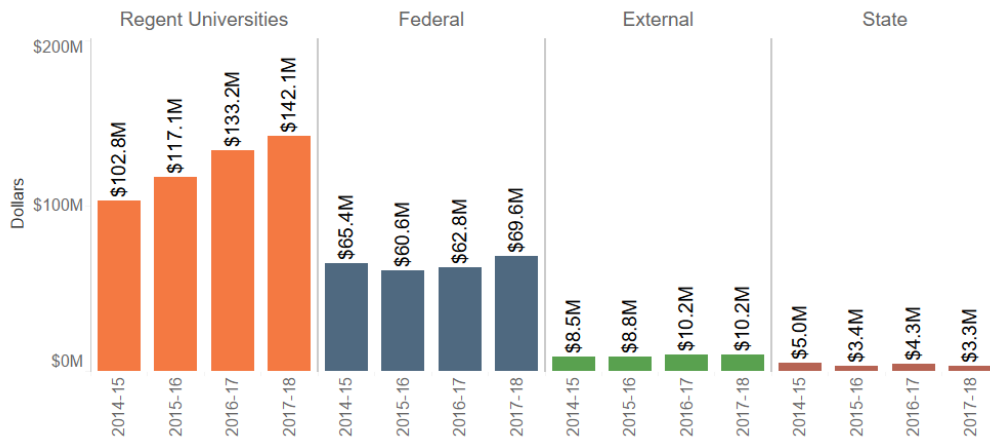
**Scholarships & Grants for Iowa Public University Undergraduates**  
by Funding Source for 2017-18



Source: Regent university Student Financial Aid Office data using Common Dataset and IPEDS data definitions

Need-based scholarships and grants for undergraduates also increased. The amount provided by the universities increased +6.7% over last year. Federal and externally sourced need-based scholarships have also shown growth but at amounts significantly less than those provided by the Regents.

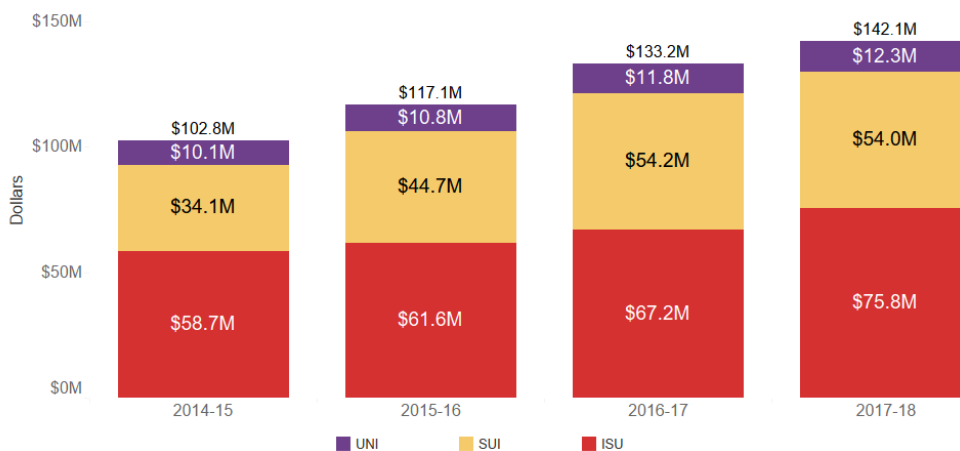
**Trends in Need-Based Scholarships & Grants for Iowa Public University Undergraduates  
by Funding Source**



Source: Regent university Student Financial Aid Office data using Common Dataset and IPEDS data definitions

The graph below drills down into the Regent university need-based undergraduate scholarships and grants to show the distribution across the three universities. Iowa State University and the University of Northern Iowa increased their need-based grant aid over the past year by +12.8% and +4.2, respectively. The University of Iowa was down -0.3%.

**Need-Based Scholarships & Grants  
for Iowa Public University Undergraduates  
by Year and University**



Source: Regent university Student Financial Aid Office data using Common Dataset and IPEDS data definitions

The table below provides amounts of student financial aid aggregated by type of aid, residency status, demonstrated need of the students, Regent university attended, and year.

**Degree-Seeking Undergraduate Financial Aid at Iowa Public Universities**

			ISU			SUI			UNI		
			2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Institutional	Need-based	Resident	\$26.3M	\$28.1M	\$30.8M	\$17.2M	\$22.2M	\$23.4M	\$9.2M	\$10.3M	\$10.9M
		Non-resident	\$35.3M	\$39.1M	\$45.0M	\$27.6M	\$32.0M	\$30.6M	\$1.6M	\$1.5M	\$1.4M
	Non-need-based	Resident	\$10.2M	\$12.3M	\$13.6M	\$14.4M	\$18.2M	\$21.4M	\$2.0M	\$2.0M	\$2.2M
		Non-resident	\$21.7M	\$24.2M	\$23.9M	\$23.8M	\$16.9M	\$16.4M	\$0.2M	\$0.3M	\$0.3M
State	Need-based	Resident	\$1.3M	\$1.6M	\$1.1M	\$1.2M	\$1.5M	\$1.0M	\$1.0M	\$1.2M	\$1.0M
		Non-resident	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
	Non-need-based	Resident	\$0.5M	\$0.7M	\$0.5M	\$0.4M	\$0.6M	\$0.6M	\$0.1M	\$0.2M	\$0.2M
		Non-resident	\$0.0M	\$0.0M	\$0.1M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
Total Loans & Work Study	Need-based	Resident	\$51.8M	\$49.5M	\$48.3M	\$37.1M	\$40.8M	\$48.3M	\$18.3M	\$17.7M	\$17.9M
		Non-resident	\$22.9M	\$26.2M	\$31.6M	\$27.7M	\$26.8M	\$27.6M	\$1.3M	\$1.2M	\$1.2M
	Non-need-based	Resident	\$34.4M	\$34.0M	\$29.0M	\$19.0M	\$21.6M	\$22.6M	\$23.6M	\$24.7M	\$23.0M
		Non-resident	\$18.5M	\$21.4M	\$22.2M	\$9.8M	\$8.6M	\$8.0M	\$1.8M	\$1.9M	\$2.0M
Parent Loans	Need-based	Resident	\$2.8M	\$3.1M	\$3.3M	\$3.5M	\$2.4M	\$6.0M	\$0.0M	\$0.0M	\$6.3M
		Non-resident	\$5.0M	\$6.0M	\$7.5M	\$14.1M	\$8.4M	\$17.4M	\$0.0M	\$0.0M	\$1.3M
	Non-need-based	Resident	\$12.5M	\$12.0M	\$11.4M	\$9.3M	\$8.7M	\$12.8M	\$10.0M	\$10.3M	\$3.2M
		Non-resident	\$12.0M	\$13.5M	\$14.7M	\$17.2M	\$12.5M	\$17.0M	\$1.3M	\$1.8M	\$0.2M
Athletic Awards	Need-based	Resident	\$0.4M	\$0.3M	\$0.3M	\$0.0M	\$0.0M	\$0.0M	\$1.2M	\$1.4M	\$1.5M
		Non-resident	\$2.8M	\$3.0M	\$3.1M	\$0.0M	\$0.0M	\$0.0M	\$1.9M	\$2.0M	\$1.8M
	Non-need-based	Resident	\$0.7M	\$0.8M	\$0.9M	\$1.5M	\$2.1M	\$2.1M	\$0.3M	\$0.2M	\$0.2M
		Non-resident	\$3.8M	\$4.1M	\$4.2M	\$10.0M	\$9.9M	\$10.7M	\$0.1M	\$0.2M	\$0.1M
<b>Grand Total</b>			<b>\$262.9M</b>	<b>\$279.9M</b>	<b>\$291.6M</b>	<b>\$233.7M</b>	<b>\$233.2M</b>	<b>\$266.0M</b>	<b>\$74.0M</b>	<b>\$77.0M</b>	<b>\$74.7M</b>

Source: Regent university Student Financial Aid Office data using Common Dataset and IPEDS data definitions.

The next table shows the percent of undergraduates who completed a financial aid application or FAFSA, the percent determined to have financial need, and the percent of that need met by the university. A greater proportion of Iowa resident students at UNI have demonstrated financial need than Iowa resident students at ISU and the University of Iowa.

**Undergraduates with Financial Need & Met Need  
by Residency & University**

		2015-16		2016-17		2017-18	
		Iowa Resident	Non-Resident	Iowa Resident	Non-Resident	Iowa Resident	Non-Resident
<b>ISU</b>	Student Count	18,047	10,026	17,735	11,055	17,038	11,453
	Completed FAFSA	83.5%	63.7%	82.0%	63.9%	82.2%	65.7%
	Percent with Financial Need	54.4%	42.3%	53.6%	42.2%	55.8%	45.9%
	Percent of Need Met	78.0%	83.0%	78.0%	82.0%	77.0%	81.0%
<b>SUI</b>	Student Count	10,822	8,910	12,010	8,685	12,923	8,177
	Completed FAFSA	77.2%	51.8%	76.5%	50.2%	77.3%	52.5%
	Percent with Financial Need	54.6%	39.2%	51.1%	41.8%	53.7%	40.0%
	Percent of Need Met	70.0%	64.0%	71.0%	62.0%	67.0%	57.0%
<b>UNI</b>	Student Count	8,241	886	8,274	845	8,275	825
	Completed FAFSA	79.9%	44.1%	79.2%	45.9%	81.1%	49.0%
	Percent with Financial Need	61.8%	38.4%	62.0%	38.0%	63.3%	40.1%
	Percent of Need Met	67.0%	65.0%	66.0%	61.0%	65.0%	60.0%

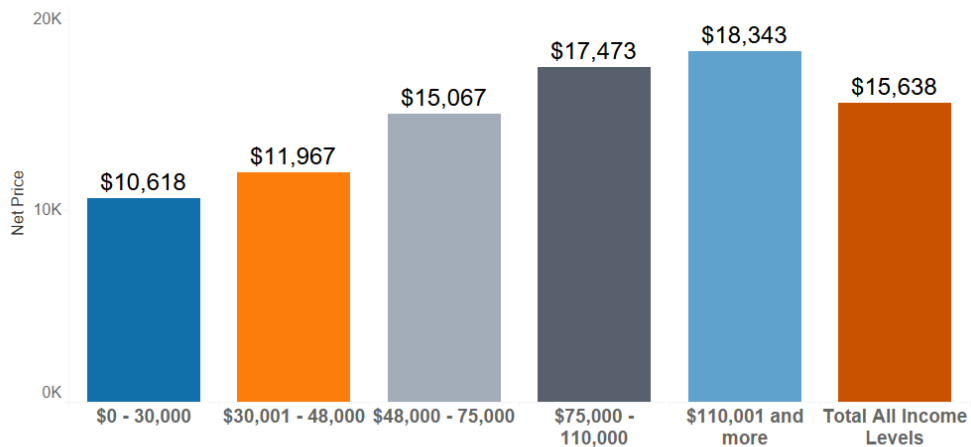
Source: Regent university Student Financial Aid Office data using Common Dataset and IPEDS data definitions

Net Cost

Net cost or net price is calculated by subtracting the average amount of grants and scholarships from the total sticker price of attending a university. Net cost is generally a more accurate approximation, as compared to sticker price, of how much a student pays for college.

Regent university students with the greatest financial need receive the most financial aid. This results in differences in net cost by family income (as shown in the graph below). For example, a student from a family with an adjusted gross income of \$30,000 or less, has a net cost of almost half that of a student from a family with an income of greater than \$110,000.

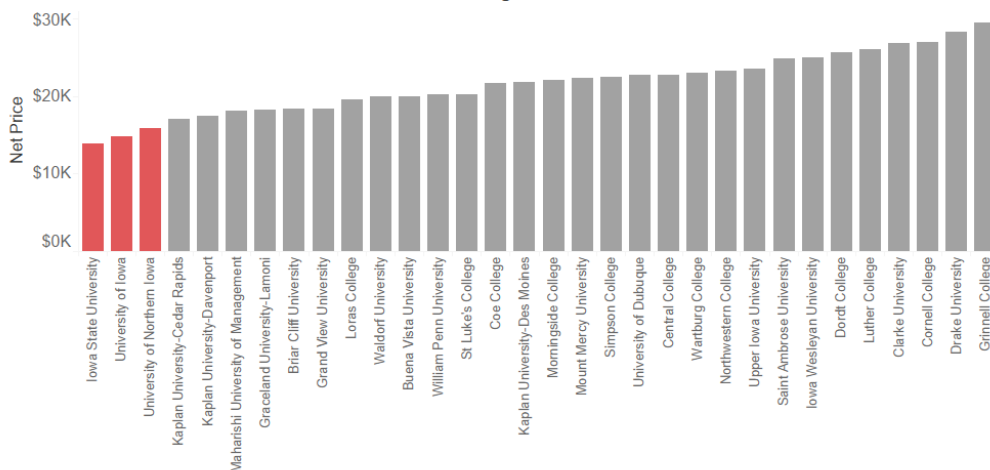
**Net Price for Resident Undergraduates at Iowa Public Universities**  
by Adjusted Gross Income (AGI) Levels



Source: Regent university Student Financial Aid Office data using Common Dataset and IPEDS data definitions  
Net Cost = Total sticker price - scholarships & grants, 2017-18 data

As an additional point of comparison, the Regent universities (shown in red below) continue to have the lowest net cost of four-year colleges and universities in Iowa.

**Net Price for Iowa Residents after Scholarships & Grants**  
Iowa 4-Year Colleges & Universities



Source: Integrated Postsecondary Education Data System (IPEDS), 2016-17 data. Net Price is determined by taking the college sticker price and subtracting the average amount of scholarships and grants (Federal, State, Institutional, other) received by students



Debt

The table below shows the average amount of debt for students who graduate with debt. It is important to note that among Iowa resident graduates, 37.2% from Iowa State University, 40.6% from the University of Iowa, and 28.6% from University of Northern Iowa graduated with no debt.

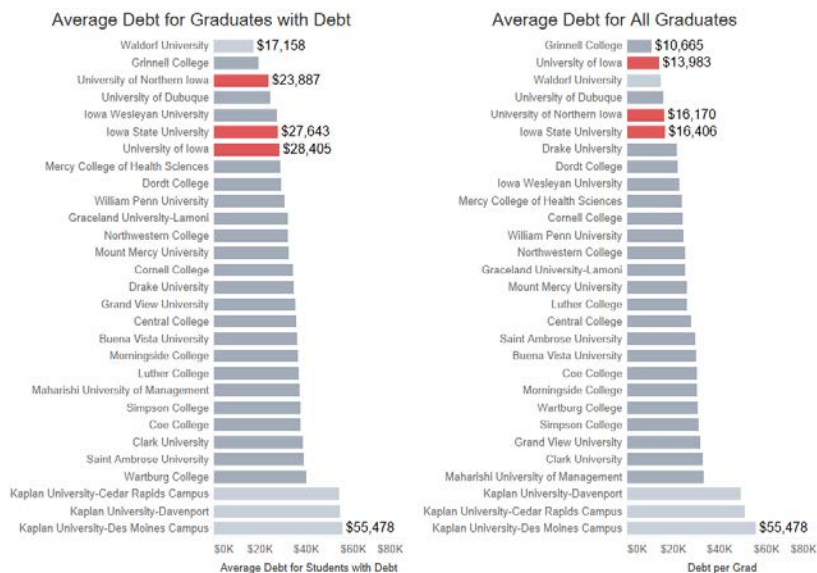
**Average Debt for Undergraduates Who Graduated with Debt**

		2015-16	2016-17	2017-18
ISU	Iowa Resident Debt	\$27,363	\$26,546	\$26,295
	Percent of Iowa Residents Who Borrow	64.2%	64.6%	62.8%
	Non-Resident Debt	\$31,394	\$30,105	\$33,296
	Percent of Non-Residents Who Borrow	52.8%	50.2%	51.8%
SUI	Iowa Resident Debt	\$26,715	\$25,599	\$27,000
	Percent of Iowa Residents Who Borrow	62.1%	58.9%	59.4%
	Non-Resident Debt	\$29,451	\$32,908	\$31,515
	Percent of Non-Residents Who Borrow	42.9%	38.9%	40.4%
UNI	Iowa Resident Debt	\$24,093	\$23,712	\$24,108
	Percent of Iowa Residents Who Borrow	70.6%	71.8%	71.4%
	Non-Resident Debt	\$28,197	\$27,228	\$30,269
	Percent of Non-Residents Who Borrow	47.7%	33.1%	47.2%

Source: Regent university Student Financial Aid Office data using Common Dataset and IPEDS data definitions

Graduate debt at the Regent universities compares favorably to debt at other Iowa four-year colleges and universities (see graph below). The left side of the graph shows the average debt for each student who graduates with debt. The right side shows the average debt for all students who graduated. The average debt for all students is much lower at the Regent universities because a relatively high percent of our students graduate with no debt.

**Debt for Graduates of Iowa 4-Year Colleges Universities  
Class of 2017**



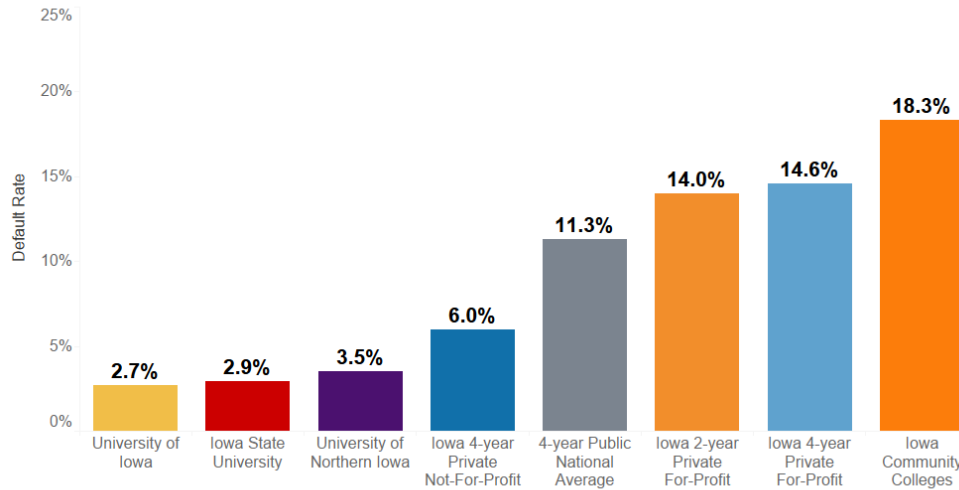
Source: Iowa College Student Aid Commission



Student Debt Default Rates

The Higher Education Opportunity Act of 2009 created a new calculation to determine what percent of college and university graduates defaulted on their student loan by three years after graduation. According to the U.S. Department of Education, the Regent university debt default rate for the graduate cohort of 2014 compares favorably both within the state of Iowa and nationally (see below).

**3-Year Default Rate for the Class of 2014**



Source: Iowa College Student Aid Commission & U.S. Department of Education

As of the publication of this report, the Iowa Student Aid Commission had not published three-year default rates by sector for the class of 2015. These rates were available for the three Regent universities: University of Iowa (2.6%), Iowa State University (3.4%), and the University of Northern Iowa (3.9%). This represents a drop in the default rate at the University of Iowa, but an increase in the default rates at both Iowa State and UNI.

Trends/Issues.

- Increases in the Pell Grant program have not kept pace with tuition increases. In 2006-07, the maximum Pell Grant covered 70.0% of average public four-year tuition and fees; in 2016-17, it covered only 60.0%.<sup>1</sup> In March 2018, Congress increased the maximum Pell Grant by \$175.
- The Iowa Grant Program was the only need-based state program for public universities but the Iowa Legislature eliminated it in 2015.<sup>2</sup>
- Loans continue to play a major role in the student financial aid packages of Regent university students. However, studies have shown that loans typically do not promote college enrollment; loans influence a student's choice of college especially when income and race/ethnicity are considered.<sup>3</sup> A 2013 study found that "each additional \$1,000 in unsubsidized federal loans makes low-income student 5.66% less likely to graduate in six years."<sup>4</sup>
- Students with the highest levels of perceived debt are three times more likely to leave college before earning a degree. Conversely, students with the highest amounts of actual debt are less likely to leave college. Perception of debt and the resulting financial stress appear to influence students' decision to leave college.<sup>5</sup>
- Loss of funding for the Iowa Work-Study Program<sup>6</sup> continues to limit the opportunities for on-campus student employment. This is contrary to research that has shown that students who work on-campus have higher retention and persistence rates than students who work off-campus. The Iowa Work-Study Program has not been funded since FY 2010.
  - In 2015-16, approximately 85% of Iowa need-based state grants were awarded to students attending private, not-for-profit and private, for-profit institutions which makes Iowa unique among the other states.<sup>7</sup>
  - Although the maximum Pell Grant is the most frequently cited grant program, only about 27% of recipients currently qualify for the maximum.<sup>8</sup> In 2016-17 the average Pell Grant recipient was granted \$3,740.

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<sup>1</sup> Trends in Student Aid 2017, College Board.

<sup>2</sup> Iowa Student Aid Commission 2016

<sup>3</sup> "A Research Agenda for Study of Indebtedness and College Enrollment," Project on Student Debt 2013.

<sup>4</sup> AERA Paper, Ray Franke, April 2014.

<sup>5</sup> Student Loans, Financial Stress, and College Student Tuition, Britt et. Al, 2017

<sup>6</sup> Approximately \$2 million was appropriated each year prior to 2001-02. Between 2001-02 and 2004-05, \$0 was appropriated for state work-study; no state work-study funds have been appropriated since 2008-09 other than \$3,000 in 2009-10.

<sup>7</sup> NASSGAP, 2015-16.

<sup>8</sup> Trends in Student Aid 2017, College Board.