

Contact: Diana Gonzalez

FALL 2005 REGENT FINANCIAL AID STUDY

Action Requested: Receive the Fall 2005 Regent Financial Aid Study.

Executive Summary: The results of the Regent Financial Aid Study conducted in Fall 2005 revealed that, in 2004-05, there were 23,791 full-time, resident, dependent undergraduate FAFSA¹ filers who received financial aid at one of the Regent universities.

- ◇ 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 loans, is designed to meet each student's total need. Frequently, students, especially those with an expected family contribution (EFC) \leq \$3,850 decide not to accept certain components of the package, such as employment or loans, which results in unmet financial need for the student.
- ◇ Financial need is calculated by subtracting the expected family contribution and the assistance (grants, scholarships, loans, and work-study) provided by the institution or other sources (and accepted by the student) from the cost of attendance (tuition, fees, books, room and board, and personal expenses).
 - ☛ Unmet financial need results when the financial aid accepted by the student is less than the cost of attendance.
 - ☛ Overmet financial need results when the student and/or parents accepted financial assistance through non-need based programs in excess of financial need. These dollars may be used to help defray the expected family contribution.
- ◇ The following table describes the average financial need by EFC for all students in this study at the three universities. Students with an EFC \geq \$5,001 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$5,178, due, in large part, to receiving non-need-based low interest federal loans. This group constitutes the majority of students (65.9%).

Expected Family Contribution (EFC)	Number of Students and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	786 (3.3%)	81.48	\$2,749
\$1 - \$2,000	3,079 (12.9%)	81.57	\$2,675
\$2,001 - \$3,850	2,553 (10.7%)	87.84	\$1,520
\$3,851 - \$5,000	1,705 (7.2%)	93.52	\$717
\geq \$5,001	15,668 (65.9%)	100.00+	-\$5,178

- ◇ The following table describes the average financial need by average gross income (AGI) for all students in this study at the three universities. Students whose families had an AGI \geq \$45,000 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$4,540 due, in large part, to receiving non-need-based low interest federal loans. This group also constitutes the majority of students (73.1%).

¹ FAFSA – Free Application for Federal Student Aid.

Family Income Range by Adjusted Gross Income (AGI)	Number of Students and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
<\$15,000	1,032 (4.3%)	80.18	\$2,807
\$15,000-\$29,999	2,071 (8.7%)	83.98	\$2,207
\$30,000-\$44,999	3,297 (13.9%)	88.82	\$1,344
≥\$45,000	17,391 (73.1%)	100.00+	-\$4,540

Highlights of Regent Financial Aid Study:

- ◆ In response to the Board’s request for information regarding student financial aid by family income (adjusted gross income) and by expected family contribution (EFC), the Board approved the Regent Financial Aid Study designed by the Board Office and institutional representatives in 2004. The first Regent Financial Aid Study was conducted in Fall 2004 using two years of data for the study: 2002-03 and 2003-04.

- ◆ The Regent Financial Aid study includes the following variables:
 - ◆ FAFSA filers – 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.

- ◆ 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 2004-05 study. As noted earlier, unmet need results from not accepting certain components of financial aid offered, such as loans and employment.

Expected Family Contribution (EFC) Range	Number & Percent of Students	Average EFC	Average Total Need	Average Total Grants	Average Total Work-Study	Average Total All Loans	Average Total Financial Aid Accepted	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	786 (3.3%)	\$0	\$14,843	\$6,336 n ² =784	\$2,116 n=148	\$6,192 n=680	\$12,094 n=786	\$2,749
\$1-\$2,000	3,079 (12.9%)	\$858	\$14,516	\$5,419 n=3,071	\$2,098 n=774	\$6,557 n=2,732	\$11,846 n=3,079	\$2,675
\$2,001-\$3,850	2,553 (10.7%)	\$2,909	\$12,499	\$3,308 n=2,546	\$2,080 n=545	\$7,875 n=2,338	\$10,979 n=2,553	\$1,520
\$3,851-\$5,000	1,705 (7.2%)	\$4,410	\$11,077	\$2,622 n=1,282	\$2,100 n=333	\$8,550 n=1,572	\$10,359 n=1,705	\$717
≥\$5,001	15,668 (65.9%)	\$16,705	\$3,807	\$2,635 n=8,295	\$1,989 n=1,079	\$8,516 n=13,721	\$8,986 n=15,668	-\$5,178

² Describes the number of students who accepted a particular type of aid.

- ◇ At the University of Iowa, there were 7,743 students in this study who received financial aid in 2004-05.
 - ▮ The majority of those students (68.2%) had an EFC \geq \$5,001 and had no unmet need. The average financial aid accepted exceeded the calculated need by \$5,439 due, in large part, to receiving non-need-based low interest federal loans.
 - ▮ Almost all students with an EFC \leq \$3,850 received some type of grant with an average grant award of \$5,208. More than 85% of the students with an EFC \leq \$3,850 received some type of loan with an average loan award of \$6,468.
 - ▮ Only about half of the students with an EFC \geq \$5,001 received some type of grant with an average grant award of \$3,419. More than 85% of the students with an EFC \geq \$5,001 received some type of loan with an average loan award of \$8,143.

- ◇ At Iowa State University, there were 9,992 students in this study who received financial aid in 2004-05.
 - ▮ The majority of those students (63.8%) had an EFC \geq \$5,001 and had no unmet need. The average financial aid accepted exceeded the calculated need by \$5,340 due, in large part, to receiving non-need-based low interest federal loans.
 - ▮ Almost all students with an EFC \leq \$3,850 received some type of grant with an average grant award of \$4,872. Approximately 90% of the students with an EFC \leq \$3,850 received some type of loan with an average loan award of \$7,434.
 - ▮ Approximately 60% of the students with an EFC \geq \$5,001 received some type of grant with an average grant award of \$2,326. Approximately 85% of the students with an EFC \geq \$5,001 received some type of loan with an average loan award of \$9,103.

- ◇ At the University of Northern Iowa, there were 6,056 students in this study who received financial aid in 2004-05.
 - ▮ The majority of those students (66.3%) had an EFC \geq \$5,001 and had no unmet need. The average financial aid accepted exceeded the calculated need by \$4,579 due, in large part, to receiving non-need-based low interest federal loans.
 - ▮ Almost all students with an EFC \leq \$3,850 received some type of grant with an average grant award of \$3,688. More than 90% of the students with an EFC \leq \$3,850 received some type of loan with an average loan award of \$7,051.
 - ▮ Less than half of the students with an EFC \geq \$5,001 received some type of grant with an average grant award of \$2,184. Approximately 90% of the students with an EFC \geq \$5,001 received some type of loan with an average loan award of \$8,103.

- ◇ The following table compares the average grant and loan awards by family income for students in the Fall 2005 Regent Financial Aid Study (04-05 data) to the NPSAS 2003-04 data.

Family Income Range by AGI	Number of Students & Percent of Students	Average Regent Total Grants (Iowa residents)	U.S. Average Grant (All students)	Average Regent Total All Loans ³ (Iowa residents)	U.S. Average Loan ⁴ (All students)
<\$30,000	3,103 (13.0%)	\$5,469 n=2,992	\$6,428	\$6,558 n=2,706	\$5,319
\$30,000-\$59,999	7,222 (30.4%)	\$3,484 n=5,948	\$4,207	\$7,844 n=6,520	\$6,204
\$60,000-\$89,999	7,703 (32.4%)	\$2,587 n=4,424	\$3,508	\$8,656 n=6,899	\$6,959
≥\$90,000	5,763 (24.2%)	\$2,550 n=2,632	\$3,869	\$8,738 n=4,868	\$7,601

☛ According to the NPSAS 2003-04 data, the average grant awarded to undergraduates in the U.S. was \$4,019; for Regent university undergraduates in 2003-04, it was \$2,307. The average loan⁵ awarded to undergraduates in the U.S. was \$6,628; for Regent university undergraduates, it was \$4,316.

◇ Trends/Issues

- ☛ Students with an EFC of \$0 or a family AGI <\$15,000 tend to have a higher average total grant award and a smaller total loan award accepted than students with a higher EFC or family AGI.
- ☛ EFC reflects a number of variables in addition to family income – family size; number of siblings/parents 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. Except for the Iowa Grant, state grants are primarily merit-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 PLUS and alternative loans, do not require demonstration of need.
- ☛ Interest rate increases which become effective on July 1, 2006 for the Stafford and PLUS loan programs may lead to different borrowing practices. Both programs will change from annual variable rates to fixed rates of 6.8% and 8.5%, respectively.

◇ The Student Financial Aid Report addresses the following strategies in the Board’s Strategic Plan – “continue to improve efforts to recruit, enroll, and retain a qualified and diverse student population” (1.1.2) and “continue efforts to maintain and enhance affordability of the Regent universities” (1.2.2).

³ Includes PLUS loans.

⁴ Data Source: National Postsecondary Student Aid Survey 2003-04; 4-year public sector, includes PLUS.

⁵ Includes PLUS.