

Contact: Diana Gonzalez

**ANNUAL STUDENT FINANCIAL AID REPORT**

**Action Requested:** Receive the annual governance report on student financial aid.

**Executive Summary:** Financial aid, in the form of grants, loans, and on-campus employment, is available to all Regent university students who qualify. In 2005-06, the total amount of financial aid awarded to students<sup>1</sup> at the Regent universities was \$715,843,549;<sup>2</sup> this represented an increase of \$23,563,200 (+3.4%) from the prior year. Of the total financial aid awarded in 2005-06, 52.6% came from federal funds, 10.2% came from state funds, 30.1% came from institutional funds, and 7.1% came from other<sup>3</sup> funds.

**TOTAL STUDENT FINANCIAL AID BY FUNDING SOURCE BETWEEN 2003-04 AND 2005-06**

	Federal	State <sup>4</sup>	Institutional	Other	Total
<b>2003-04</b>					
Amount	\$344,993,396	\$63,636,103	\$204,075,345	\$48,894,699	\$661,599,543
Awards	85,380	11,662	63,995	18,263	179,300
Avg. Award	\$4,040	\$5,456	\$3,188	\$2,677	\$3,689
<b>2004-05</b>					
Amount & % Change	\$363,205,724 (+5.3%)	\$61,333,671 (-3.6%)	\$211,202,579 (+3.5%)	\$56,538,375 (+15.6%)	\$692,280,349 (+4.6%)
Awards & % Change	87,370 (+2.3%)	11,669 (0.0%)	66,751 (+4.3%)	19,194 (+5.1%)	184,984 (+3.2%)
Avg. Award & % Change	\$4,157 (+2.9%)	\$5,256 (-3.7%)	\$3,164 (-0.8%)	\$2,945 (+10.0%)	\$3,742 (+1.4%)
<b>2005-06</b>					
Amount & % Change	\$376,824,425 (+3.7%)	\$73,131,596 (+19.2%)	\$215,143,594 (+1.9%)	\$50,743,934 (-10.2%)	\$715,843,549 (+3.4%)
Awards & % Change	87,183 (-0.2%)	12,805 (+9.7%)	66,538 (-0.3%)	18,178 (-5.3%)	184,704 (-0.2%)
Avg. Award & % Change	\$4,322 (+4.0%)	\$5,711 (+8.7%)	\$3,233 (+2.2%)	\$2,792 (-5.2%)	\$3,876 (+3.6%)

The Student Financial Aid Report addresses the Board's Strategic Plan strategies to "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).

<sup>1</sup> Includes undergraduates and graduates.

<sup>2</sup> Data source: Student Financial Aid Annual Reports, Iowa College Student Aid Commission.

<sup>3</sup> Private grants, scholarships, loans, etc.

<sup>4</sup> For recording purposes, the Commission includes Regent IMAGES awards and private loan awards as state funds. In 2005-06, the Regent IMAGES awards totaled \$3,240,111 and the private loan awards totaled \$64,913,671.

**Highlights:**

- ◇ Grants/Scholarships. In 2005-06, a total of \$170,839,950 (23.8%) was awarded in the form of grants and scholarships. Of the total grants and scholarships awarded in 2005-06, 59.2% came from institutional funds; 19.3% came from federal funds; 17.0% came from other funds; and 4.5% came from state funds.<sup>6</sup>
- ◇ Employment. In 2005-06, a total of \$140,859,594 (19.7%) was awarded in the form of on-campus employment. Of the total amount awarded, 79.6% came from institutional funds; 20.3% came from federal funds; and 0.1% came from state funds. No state funds were appropriated for on-campus employment (work-study) between 2001-02 and 2004-05.
- ◇ Loans. In 2005-06, a total of \$404,144,005 (56.5%) was awarded in the form of loans. Of the total loans awarded in 2005-06, 78.0% came from federal funds; 16.2% came from state funds;<sup>7</sup> 5.4% came from other funds; and 0.4% came from institutional funds.

**TOTAL STUDENT FINANCIAL AID BY TYPE BETWEEN 2003-04 AND 2005-06**

	Grants/Scholarships	Employment	Loans	Total
<b>2003-04</b>				
Amount	\$158,799,809	\$139,246,091	\$363,553,643	\$661,599,543
Awards	65,782	37,088	76,430	179,300
Avg. Award	\$2,414	\$3,754	\$4,756	\$3,689
<b>2004-05</b>				
Amount & % Change	\$167,566,203 (+5.5%)	\$138,217,687 (-0.7%)	\$386,496,459 (+6.3%)	\$692,280,349 (+4.6%)
Awards & % Change	70,728 (+7.5%)	37,390 (-0.8%)	76,866 (+0.6%)	184,984 (+3.2%)
Avg. Award & % Change	\$2,369 (-1.9%)	\$3,696 (-1.5%)	\$5,035 (+5.9%)	\$3,742 (+1.4%)
<b>2005-06</b>				
Amount & % Change	\$170,839,950 (+2.0%)	\$140,859,594 (+1.9%)	\$404,144,005 (+4.6%)	\$715,843,549 (+3.4%)
Awards & % Change	69,505 (-1.7%)	38,575 (+3.2%)	76,624 (-0.3%)	184,704 (-0.1%)
Avg. Award & % Change	\$2,458 (+3.8%)	\$3,652 (-1.2%)	\$5,274 (+4.8%)	\$3,876 (+3.6%)

- ◇ Undergraduate Aid. In 2005-06, a total of \$473,104,037 was awarded to undergraduates at the Regent universities; this represents more than 66% of the total financial aid awarded in 2005-06.
  - ▄▄ Of the total amount awarded to undergraduates, 52.8% came from federal funds, 14.8% came from state funds, 24.0% came from institutional funds, and 8.4% came from other funds.
  - ▄▄ Of the total amount awarded to undergraduates, 27.3% was in the form of grants/scholarships, 10.2% was in the form of employment, and 62.5% was in the form of loans.

<sup>6</sup> For recording purposes, the Commission included the Regent IMAGES awards of \$3,240,111 as state funds.

<sup>7</sup> For recording purposes, the Commission included the private loan awards of \$64,913,671 as state funds.

††† The national average financial aid award to undergraduate students who received aid in public four-year institutions in 2003-04 was \$8,700<sup>8</sup> compared to \$3,127 in 2003-04 and \$3,231 in 2005-06 for Regent university undergraduate students.

➔ The national average grant/scholarship award to undergraduate students was \$4,600 compared to \$2,307 in 2003-04 and \$2,287 in 2005-06 for Regent university undergraduate students.

➔ The national average loan award was \$5,800 compared to \$4,316 in 2003-04 and \$4,633 in 2005-06 for Regent university undergraduate students.

**TOTAL UNDERGRADUATE FINANCIAL AID BY FUNDING SOURCE BETWEEN 2003-04 AND 2005-06**

	<b>Federal</b>	<b>State</b>	<b>Institutional</b>	<b>Other</b>	<b>Total</b>
<b>2003-04</b>					
Amount	\$238,820,041	\$62,873,429	\$109,852,566	\$41,804,888	\$453,350,924
Awards	70,740	11,474	47,866	14,906	144,986
Avg. Award	\$3,376	\$5,480	\$2,295	\$2,805	\$3,127
<b>2004-05</b>					
Amount & % Change	\$245,655,816 (+2.9%)	\$60,218,135 (-4.2%)	\$112,878,412 (+2.8%)	\$49,018,132 (+17.3%)	\$467,770,495 (+3.2%)
Awards & % Change	71,093 (+0.5%)	11,276 (-1.7%)	49,294 (+3.0%)	15,506 (+4.0%)	147,172 (+1.5%)
Avg. Award & % Change	\$3,455 (+2.3%)	\$5,340 (-2.6%)	\$2,290 (0.0%)	\$3,161 (+12.7%)	\$3,178 (+1.6%)
<b>2005-06</b>					
Amount & % Change	\$249,863,081 (+1.7%)	\$69,756,563 (+15.8%)	\$113,508,005 (+0.6%)	\$39,976,388 (-18.4%)	\$473,104,037 (+1.1%)
Awards & % Change	71,402 (+0.4%)	12,153 (+7.8%)	48,699 (-1.2%)	14,186 (-8.5%)	146,440 (-0.5%)
Avg. Award & % Change	\$3,499 (+1.3%)	\$5,740 (+7.5%)	\$2,331 (+1.8%)	\$2,818 (-10.9%)	\$3,231 (+1.7%)

❖ Graduating Seniors Without Debt. The debt load for students is based on debt incurred while attending one of the Regent universities. In 2005-06, 39.0% of the graduating seniors at SUI graduated without debt; at ISU, 29.4% graduated without debt; and at UNI, 21.5% graduated without debt. Nationally, 36% of graduating seniors in 2003-04 graduated without debt.<sup>9</sup>

❖ Debt Upon Graduation. The average indebtedness for those graduating with debt<sup>10</sup> in 2005-06 was \$20,234 at SUI; at ISU, it was \$30,640; and at UNI, it was \$21,561. The national average indebtedness in 2003-04 was \$19,202.<sup>11</sup>

††† The average need-based indebtedness for those graduating with debt in 2003-04 was \$11,292 at SUI; at ISU, it was \$13,375; and at UNI, it was \$12,353. The national average was \$11,080.

<sup>8</sup> 2003-04 National Postsecondary Student Aid Study (NPSAS).

<sup>9</sup> 2003-04 NPSAS.

<sup>10</sup> Excludes PLUS loans.

<sup>11</sup> 2003-04 NPSAS.

- ◇ Tuition Set-Aside. The Board's tuition policy requires that a minimum of 15% of gross tuition proceeds be set aside for student financial aid. Each university has exceeded the minimum requirements during the last several years.

**TUITION SET-ASIDE BY INSTITUTION BETWEEN 2003-04 AND 2005-06**

	<b>2003-04</b>	<b>% of Total Tuition</b>	<b>2004-05</b>	<b>% of Total Tuition</b>	<b>2005-06</b>	<b>% of Total Tuition</b>
Total Tuition Set-Aside						
SUI	\$34,372,090	17.6%	\$37,394,756	18.2%	\$39,788,835	18.4%
ISU	\$36,212,919	22.6%	\$37,879,100	23.0%	\$39,285,708	23.4%
UNI	\$10,283,503	18.9%	\$10,891,319	18.8%	\$11,052,650	18.9%
	<b>2003-04</b>	<b>% of Total Set-Aside</b>	<b>2004-05</b>	<b>% of Total Set-Aside</b>	<b>2005-06</b>	<b>% of Total Set-Aside</b>
Undergraduate Tuition Set-Aside						
SUI	\$18,438,977*	53.6%	\$19,147,933*	51.2%	\$20,617,939*	51.8%
ISU	\$26,340,584*	72.7%	\$26,636,675*	70.3%	\$27,890,101*	71.0%
UNI	\$8,506,055*	82.7%	\$8,708,857*	80.0%	\$8,988,252*	81.3%

\* Funds distributed through the Student Financial Aid Department.

- ◇ Trends.

- ☛ Between 1990 and 2004, the percentage of full-time dependent undergraduates in the U.S. who received some type of financial aid grew from 54% to 76%. The percentage of full-time dependent undergraduates who borrowed increased from 30% to 50%. At public four-year institutions, the percentage of students with loans increased from 26% to 51%.<sup>12</sup>
- ☛ Funding for federal student financial aid programs has lagged behind inflation and student need for two decades. In constant dollars, campus-based aid declined by 35% between 1980-81 and 1998-99.<sup>13</sup>
- ☛ Increases in the Pell Grant program have not kept pace with tuition increases. In 1979-80, the maximum Pell Grant covered 72.4% of costs at public universities; in 2005-06, it covered only 30.2%.<sup>14</sup> Unless significant increases occur, it is likely to cover less than 25% of college costs in the near future.<sup>15</sup>
- ☛ Lack of significant funding for all Iowa grant programs, including the Iowa Grant and the State of Iowa Scholarship, has limited access for many Iowa students. In 2005-06, the total funding for the two programs was \$750,082 which represents a decrease of \$20,725 (-2.7%) from the prior year and 0.4% of all grant/scholarship programs; the average award was \$589.
- ☛ In 2005-06, loss of funding for the federal contribution to the Federal Perkins Loan Program caused a decrease in Perkins Loan availability and Federal Work-Study. The Federal Perkins Loan Program assists students with exceptional need and offers forgiveness provisions for students in employment areas such as law enforcement, teaching, and nursing.

<sup>12</sup> National Center for Education Statistics (NCES): "Paying for College," 2004.

<sup>13</sup> NCES, 2004.

<sup>14</sup> Postsecondary Education OPPORTUNITY, December 2005.

<sup>15</sup> University of Iowa.

- ### Loans continue to play a major role in the student financial aid packages of Regent university students. Yet 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>16</sup>
  - ### Students have assumed more reliance on employment while in school. According to the most recent federal statistics, "74% of all full-time undergraduates worked in 1999-2000 and they averaged 25.5 hours week."<sup>17</sup> However, studies have shown that working more than 20 hours per week can impede students' progress toward graduation.
  - ### Loss of significant funding for the Iowa Work-Study Program (approximately \$2 million per year before 2001-02) continues to limit the opportunities for on-campus student employment. This is contrary to studies that have shown that students who work on-campus have higher retention and persistence rates than students who work off-campus. The total awarded to the three Regent universities in 2005-06 was \$77,907 and only 104 students could be served.
  - ### The Iowa Forgivable Loan Program has played a significant role as an incentive to encourage students to pursue a degree in education and to seek employment in the state.
- ◇ Issues. The current reauthorization of the Higher Education Act offers Congress an opportunity to address a number of significant financial aid issues which can affect access and persistence.
- ### A substantial increase in the Federal Pell Grant with annual inflationary adjustments is needed. The President's budget proposes to fund annual increases in the maximum award for the next five years using mandatory funds rather than discretionary funds which means that increases in the Pell maximum awards would not require annual appropriations action by Congress. Mandatory funding, however, requires offsets in other programs to pay for increased expenditures. In February 2007, the maximum Pell Grant award was increased from \$4,050 to \$4,310 for award year 2007-08.
  - ### There is concern that the Supplemental Educational Opportunity Grant (SEOG) will be eliminated. This Program serves students with the greatest financial need.
  - ### The Federal Work-Study Program plays a vital role in helping students earn money while in school, thus reducing students' dependence on loans. Without an increase in the Work-Study Program, the minimum wage increase will affect the number of students who can be employed through this program.
  - ### The Higher Education Reconciliation Act of 2005 created two federal grant programs for undergraduate students. The Academic Competitiveness Grant (ACG) was created for first and second year undergraduate students who have completed a rigorous course of study in high school; the maximum annual award is \$750 for the first year and \$1,300 for the second year. The National Science and Mathematics Access to Retain Talent (SMART) Grant was created for third and fourth year undergraduate students with a declared major in computer science, engineering, foreign language, life sciences, mathematics, physical sciences, or technology; the maximum annual award is \$4,000.

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<sup>16</sup> "A Research Agenda for Study of Indebtedness and College Enrollment."

<sup>17</sup> "Wall Street Journal," November 5, 2002.

Regent University Awarding Philosophies.

- ◇ University of Iowa – “Assistance will be awarded on a first-come, first-served basis to students demonstrating financial need; assistance should be provided to as many students as possible who qualify; students with the greatest need should receive the most amount of financial aid; students with the greatest need should have a larger percent of their need met by grant/scholarship assistance. All financial aid (institutional, federal, and state) awarded through these guidelines cannot in combination exceed the individual cost of attendance.”
- ◇ Iowa State University – “In concert with recruitment and retention goals, the University’s strategic plan and land grant mission, financial aid is awarded to as many students as possible who qualify. Students who demonstrate the greatest financial need should receive the most financial aid. Students whose aid applications are received by the published priority date are considered for funding from all resources; students whose applications are received after this date are awarded on the basis of eligibility and aid availability. All financial aid awarded cannot, in combination, exceed the individual cost of attending the institution.”
- ◇ University of Northern Iowa - “In concert with the recruitment goals and objectives of the University’s strategic plan, students who demonstrate the greatest financial need are given the highest priority. Due to the limited availability of funding, financial aid is awarded to students on a first-come, first-served basis. UNI strives to maintain an appropriate balance between need and merit based awards. All financial aid awarded cannot, in combination, exceed the individual cost of attending the institution.”

Institutional Initiatives.

- ◇ The University of Iowa created the following financial aid programs to be implemented in 2007-08:
  - ### For the Iowa Pathways Program, the University will commit federal, state, and institutional grants, scholarships, and work-study to pay all direct educational costs for qualifying undergraduates.
  - ### The Iowa Heritage Award of \$1,500 will be available to non-resident students whose parent(s) or grandparent(s) graduated from the University. It is renewable for three years for a qualifying undergraduate student.
  - ### The Advantage Iowa Program will facilitate diversity by recognizing students who may be underrepresented; first generation; economically disadvantaged; or have special disabilities that may have impeded their preparation for higher education.
- ◇ Iowa State University provides the following institutional programs:
  - ### In 2005-06, significantly more than the required 15% (23.4%) of tuition revenues were set-aside for financial aid.
  - ### A Return to Iowa Generations Award of \$1,500 was implemented in 2006-07 and is available to non-resident students whose parent(s) or grandparent(s) graduated from ISU. It is renewable for up to three years for freshmen (\$6,000 total) and up to two years for transfer students (\$4,500 total).

- ††† A Student Employment Job Board was implemented to provide better service to work-study students to find employment.
- ➔ The Office of Student Financial Aid collaborated with the Academic Success Center to assist students not meeting federal satisfactory academic progress guidelines. As a result, the University's Academic Standards Committee requires increased interventions for students experiencing academic difficulties.

◇ The University of Northern Iowa provides the following programs:

- ††† A Common Online Undergraduate Scholarship Application, in its third year of operation, has increased students' awareness of scholarship opportunities.
- ††† The Tuition Opportunity Program for Iowans (TOPs) is for needy Iowa freshmen whose families are unable to contribute financially to their child's education. The program offers a guarantee of tuition and fees for four years with grant and scholarship assistance.
- ††† A counseling program has been implemented for students who borrow an alternative or private loan for the first time. As a result, many students have reconsidered their options for borrowing.

## GLOSSARY

Expected Family Contribution (EFC). This is the amount that the student and his/her family are expected to contribute toward the student's education. If the EFC is below a certain amount, the student may be eligible for a Federal Pell Grant. The EFC data elements may be adjusted under certain circumstances, e.g., the EFC may be adjusted to consider the family's elementary and secondary tuition expenses, their medical and dental expenses not paid by insurance, unusually high child care expenses, a family member's recent unemployment, a parent's own education expenses, or other changes in a family's income, a family's assets, or a student's status.

Federal Pell Grant. A Federal Pell Grant, unlike a loan, does not have to be repaid. Pell Grants are awarded only to undergraduate students who have not earned a bachelor's or professional degree.

Federal Supplemental Educational Opportunity Grant (FSEOG). A Federal Supplemental Educational Opportunity Grant is for undergraduates with exceptional financial need, i.e., students with the lowest expected family contributions with priority given to students who receive Federal Pell Grants. An FSEOG does not have to be repaid. FSEOG awards are based on the availability of funds at the school. The student can receive between \$100 and \$4,000 a year, depending on the date of application, level of need, funding level of the school, and school's financial aid office policies.

Subsidized Loan. A subsidized loan is awarded on the basis of financial need. The student will not be charged any interest before beginning repayment or during authorized periods of deferment. The federal government subsidizes the interest during these periods.

Types of Loans. There is a variety of loan programs available to students and their parents.

- ◆ Federal Perkins Loan is a low-interest loan for students with exceptional financial need.
- ◆ Federal Stafford Loan is a simple interest, government guaranteed, no collateral loan.
- ◆ Federal PLUS (Parent Loan for Undergraduate Students) is a simple interest, government guaranteed, no collateral loan; parents are eligible for the PLUS if they meet the minimum government credit requirements.
- ◆ Partnership Loan and Parent Partnership Loan are private, non-need based loans that have flexible features, such as a choice between a fixed or variable interest rate.

Unmet/Overmet Financial Need. Unmet/overmet financial need is calculated by subtracting the expected family contributed (EFC) and the assistance (grants, scholarships, loans, and employment) provided by the institution or other sources from the cost of attendance (tuition, fees, books, and room and board).

Unsubsidized Loan. An unsubsidized loan is not awarded on the basis of need. The student will be charged interest from the time the loan is disbursed until it is paid in full.

Work-Study Funds. Work-study funds come from federal and state programs in which a maximum of 75% of the wages is covered by the federal or state program. The federal government covers 100% of the wages for students who are employed in community service positions, such as America Reads<sup>18</sup> and America Counts<sup>19</sup>. The federal government covers 75% of the wages for students who are employed in community-based organizations; the employing organization covers the other 25% of the wages.

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<sup>18</sup> Federal initiative to improve elementary students' reading skills.

<sup>19</sup> Federal initiative to improve elementary students' math skills.