

Contact: Diana Gonzalez

ANNUAL REGENT STUDENT FINANCIAL AID STUDY

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

Executive Summary: The results of the Regent Student Financial Aid Study conducted in Fall 2006 revealed that, in 2005-06, there were 23,441 full-time, resident, dependent undergraduate FAFSA¹ filers who received financial aid at one of the Regent universities. This is a decrease of 350 (-1.5%) from the prior year; this decrease parallels the decrease in undergraduate enrollment.

- ◇ 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) ≤ \$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 total need.
 - ☛ Overmet financial need results when the financial aid accepted by the student through non-need based programs exceeds total 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 ≥ \$5,001 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$5,685 due, in large part, to receiving non-need-based loans. This group constitutes the majority of students (70.7%).

AVERAGE FINANCIAL NEED BY EXPECTED FAMILY CONTRIBUTION

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	740 (3.2%)	80.52%	\$3,046
\$1 - \$2,000	2,476 (10.6%)	80.93%	\$2,884
\$2,001 - \$3,850	2,247 (9.5%)	87.60%	\$1,619
\$3,851 - \$5,000	1,411 (6.0%)	92.24%	\$896
≥ \$5,001	16,567 (70.7%)	>100.00%	-\$5,685

¹ FAFSA – Free Application for Federal Student Aid.

- ◇ 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 ≥ \$45,000 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$5,138 due, in large part, to receiving non-need-based loans. This group also constitutes the majority of students (75.1%).

AVERAGE FINANCIAL NEED BY ADJUSTED GROSS INCOME

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	993 (4.2%)	81.82%	\$2,715
\$15,000-\$29,999	1,826 (7.8%)	82.36%	\$2,512
\$30,000-\$44,999	3,027 (12.9%)	91.27%	\$1,065
≥\$45,000	17,595 (75.1%)	>100.00%	-\$5,138

- ◇ 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 ≥ \$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 while the Regent average loan awards are higher than the national average¹.

The Regent Financial Aid Study 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).

Background:

- ◇ 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: 2002-03 and 2003-04; this is the third year of the Study.
- ◇ 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.

¹ National Postsecondary Student Aid Study (NPSAS) 200304.

- ◇ At the University of Iowa, there were 7,735 students in this study who received financial aid in 2005-06.
 - ▮ The majority of those students (71.5%) had an $EFC \geq \$5,001$ and no unmet need. The average financial aid accepted by students with an $EFC \geq \$5,001$ exceeded the calculated need by \$6,000 due, in large part, to receiving non-need-based loans.
 - ▮ Almost all students with an $EFC \leq \$3,850$ received some type of grant with an average grant award of \$5,493. More than 87% of the students with an $EFC \leq \$3,850$ received some type of loan with an average loan award of \$6,940.
 - ▮ About 50% of the students with an $EFC \geq \$5,001$ received some type of grant with an average grant award of \$3,419. More than 87% of the students with an $EFC \geq \$5,001$ received some type of loan with an average loan award of \$8,518.

- ◇ At Iowa State University, there were 9,851 students in this study who received financial aid in 2005-06.
 - ▮ The majority of those students (69.4%) had an $EFC \geq \$5,001$ and no unmet need. The average financial aid accepted by students with an $EFC \geq \$5,001$ exceeded the calculated need by \$5,669 due, in large part, to receiving non-need-based loans.
 - ▮ Almost all students with an $EFC \leq \$3,850$ received some type of grant with an average grant award of \$5,014. Approximately 89% of the students with an $EFC \leq \$3,850$ received some type of loan with an average loan award of \$7,541.
 - ▮ Approximately 62% of the students with an $EFC \geq \$5,001$ received some type of grant with an average grant award of \$2,559. Approximately 86% of the students with an $EFC \geq \$5,001$ received some type of loan with an average loan award of \$9,176.

- ◇ At the University of Northern Iowa, there were 5,855 students in this study who received financial aid in 2005-06.
 - ▮ The majority of those students (71.6%) had an $EFC \geq \$5,001$ and no unmet need. The average financial aid accepted by students with an $EFC \geq \$5,001$ exceeded the calculated need by \$5,296 due, in large part, to receiving non-need-based loans.
 - ▮ Almost all students with an $EFC \leq \$3,850$ received some type of grant with an average grant award of \$3,700. More than 92% of the students with an $EFC \leq \$3,850$ received some type of loan with an average loan award of \$7,843.
 - ▮ Approximately 43% of the students with an $EFC \geq \$5,001$ received some type of grant with an average grant award of \$2,253. Approximately 91% of the students with an $EFC \geq \$5,001$ received some type of loan with an average loan award of \$8,711.

- ◇ 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 2005-06 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

Expected Family Contribution (EFC) Range	Number & % of Students (n=23,441)	Average EFC	Average Total Need	Average Total Grants (n=15,325)	Average Total Work-Study (n=2,585)	Average Total All Loans (n=20,686)	Average Total Financial Aid Accepted (n=23,441)	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	740 (3.2%)	\$0	\$15,637	\$6,441 n ¹ =730	\$2,025 n=153	\$6,709 n=640	\$12,591 n=740	\$3,046
\$1-\$2,000	2,476 (10.6%)	\$840	\$15,123	\$5,665 n=2,468	\$1,967 n=572	\$6,938 n=2,185	\$12,239 n=2,476	\$2,884
\$2,001-\$3,850	2,247 (9.5%)	\$2,912	\$13,053	\$3,472 n=2,241	\$1,936 n=540	\$8,151 n=2,065	\$11,434 n=2,247	\$1,619
\$3,851-\$5,000	1,411 (6.0%)	\$4,419	\$11,541	\$2,975 n=1,103	\$2,024 n=255	\$8,678 n=1,292	\$10,645 n=1,411	\$896
\$5,001-\$8,000	3,307 (14.1%)	\$6,486	\$9,503	\$3,073 n=2,215	\$1,911 n=528	\$8,778 n=3,032	\$10,414 n=3,307	-\$911
\$8,001-\$11,000	2,739 (11.7%)	\$9,470	\$6,614	\$3,073 n=1,610	\$1,819 n=314	\$8,769 n=2,508	\$10,045 n=2,739	-\$3,431
\$11,001-\$14,000	2,250 (9.6%)	\$12,449	\$3,628	\$2,853 n=1,132	\$1,619 n=161	\$8,980 n=2,018	\$9,605 n=2,250	-\$5,978
>\$14,000	8,271 (35.3%)	\$28,144	\$303	\$2,440 n=3,826	\$1,525 n=62	\$8,840 n=6,946	\$8,564 n=8,271	-\$8,261

◆ The following table compares the average grant and loan awards by family income for students in the Fall 2006 Regent Financial Aid Study to the NPSAS 2003-04 data.

Family Income Range by AGI	Number & % of Students	Average Regent Total Grants ² 05-06	Average Regent Total Grants 03-04	U.S. Average Grants ³	Average Regent Total Loans ⁴ 05-06	Average Regent Total Loans 03-04	U.S. Average Loans ⁵
<\$30,000	2,819 (12.0%)	\$5,611 n=2,710	\$4,982 n=3,264	\$6,428	\$6,907 n=2,466	\$6,071 n=2,898	\$5,319
\$30,000-\$59,999	6,612 (28.2%)	\$3,630 n=5,303	\$3,278 n=5,996	\$4,207	\$8,227 n=5,946	\$7,375 n=6,865	\$6,204
\$60,000-\$89,999	7,357 (31.4%)	\$2,806 n=4,187	\$2,437 n=3,986	\$3,508	\$8,980 n=6,644	\$8,239 n=6,979	\$6,959
≥\$90,000	6,653 (28.4%)	\$2,516 n=3,125	\$2,383 n=2,063	\$3,869	\$8,883 n=5,630	\$8,306 n=4,180	\$6,601

¹ Describes the number of students who accepted a particular type of aid.

² Iowa residents.

³ All students.

⁴ Iowa residents; includes PLUS.

⁵ All students.

- ### According to the NPSAS 2003-04 data, the average grant awarded to undergraduates in the U.S. was \$4,600; for undergraduates in the 2003-04 Regent Financial Aid Study, it was \$3,302. The average loan awarded to undergraduates in the U.S. was \$5,800; for Regent university undergraduates, it was \$7,668.

◇ Issues

- ### 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 have resulted in different borrowing practices. Both programs changed from annual variable rates to fixed rates of 6.8% and 7.9%, respectively.