

Contact: Diana Gonzalez

ANNUAL STUDENT FINANCIAL AID REPORT

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

Executive Summary: This annual report describes the volume of student financial aid awarded at the Regent universities. Financial aid, in the form of grants, loans, and on-campus employment, is available to all Regent university students who qualify. In 2006-07, the total amount of financial aid awarded to students¹ at the Regent universities was \$744,241,891;² this represents an increase of \$28,398,342 (+4.0%) from the prior year.

Of the total financial aid awarded in 2006-07, 51.5% came from federal funds, 9.3% came from state funds, 30.5% came from institutional funds, and 8.7% came from other³ funds. Furthermore, 25.4% was in the form of grants/scholarships; 19.5% was in the form of employment; and 55.1% was in the form of loans.

TOTAL STUDENT FINANCIAL AID BY FUNDING SOURCE BETWEEN 2004-05 AND 2006-07

	Federal	State ⁴	Institutional	Other	Total
2004-05					
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%)
2005-06					
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%)
2006-07					
Amount & % Change	\$383,353,496 (+1.7%)	\$69,551,570 (-4.9%)	\$226,710,632 (+5.4%)	\$64,626,193 (+27.4%)	\$744,241,891 (+4.0%)
Awards & % Change	87,382 (+0.2%)	11,053 (-13.7%)	67,811 (+1.9%)	20,020 (+10.1%)	186,266 (+0.8%)
Avg. Award & % Change	\$4,387 (+1.5%)	\$6,293 (+10.2%)	\$3,343 (+3.4%)	\$3,228 (+15.6%)	\$3,996 (+3.1%)

¹ Includes undergraduates and graduates.

² Data source: Student Financial Aid Annual Reports, Iowa College Student Aid Commission, 2006-07.

³ Private grants, scholarships, loans, etc.

⁴ For recording purposes, the Commission includes Regent IMAGES awards and private loan awards as state funds. In 2006-07, the Regent IMAGES awards totaled \$3,309,580 and the private loan awards totaled \$61,411,377.

◇ 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%.⁶
- ### 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 1998-99.⁷
- ### 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 2006-07, it covered approximately 30.0%.⁸ Without significant future increases, it is likely to cover less than 25% of college costs in the near future.⁹
- ### 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 2006-07, the total funding for the two programs was \$508,826¹⁰ which represents a decrease of \$241,256 (-32.2%) from the prior year and 0.3% of all grant/scholarship programs; the average award was \$825.
- ### In 2005-06, loss of funding for the federal contribution to the Federal Perkins Loan Program caused a decrease in Perkins Loan availability. 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.
- ### 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.¹¹
- ### 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."¹² However, studies have shown that working more than 20 hours per week can impede students' progress toward graduation.¹³
- ### 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 2006-07 was \$85,626 which served only 113 students, with an average award of \$758.
- ### For many students, the Iowa Forgivable Loan Program has played a significant role as an incentive to pursue a degree in education and to seek employment in the state.

⁶ National Center for Education Statistics (NCES): "Paying for College," 2004.

⁷ NCES, 2004.

⁸ Postsecondary Education OPPORTUNITY, December 2005.

⁹ University of Iowa.

¹⁰ In 2006-07, the State of Iowa Scholarship allocation was \$0.

¹¹ "A Research Agenda for Study of Indebtedness and College Enrollment."

¹² "Wall Street Journal," November 5, 2002.

¹³ Student employment at the Regent universities is limited to 20 hours per week.

- ◆ College Cost Reduction and Access Act. The following include some significant components of the Act signed into law in September 2007.
 - ☛ Federal Pell Grants are authorized to increase by \$490 for 2008-2010; by \$200 for 2010-2012; and by \$400 for 2012-2013. By 2012-2013, the maximum award will have increased by 25.3% from the current maximum of \$4,310.
 - ☑ The Omnibus Appropriations Bill would have set the maximum Pell Grant for 2007-2008 at \$4,241, a reduction from the current amount. However, the College Cost Reduction and Access Act established the maximum amount at \$4,731.
 - ☛ The fixed interest rate for the subsidized Federal Stafford Loan for undergraduate students will decrease from the current rate of 6.8% to 3.4% by July 2011.
 - ☛ Increases in the family income threshold will allow more students from low income families to qualify automatically for an expected family contribution of \$0.
 - ☛ A new TEACH Grant will be implemented in July 2008, which will provide \$4,000 per year to undergraduate and graduate students who teach in shortage areas, such as math, science, foreign language, bilingual education, special education, and other high need areas. Students will be required to teach in one of these areas for at least four years in the eight years following graduation; otherwise, the grant will have to be repaid as an unsubsidized loan.
 - ☛ An income-based repayment program and deferments of loan repayment will be available following active military duty.

The Student Financial Aid Report 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) “to continue efforts to maintain and enhance affordability of the Regent universities”.

Highlights:

**STUDENT FINANCIAL AID SUMMARY BY TYPE AND FUNDING SOURCE
2006-07**

Regent Total	Federal	State	Institutional	Other	Total
Grants/Scholarships	\$34,391,671	\$7,534,381	\$108,579,617	\$38,281,293	\$188,786,962
Loans	\$320,116,380	\$61,931,563	\$1,842,888	\$26,344,900	\$410,235,731
Employment	\$28,845,445	\$85,626	\$116,288,127	NA	\$145,219,198
Grand Total	\$383,353,496	\$69,551,570	\$226,710,632	\$64,626,193	\$744,241,891

- ◆ Grants/Scholarships. In 2006-07, a total of \$188,786,962 (25.4%) was awarded in the form of grants and scholarships. Of the total grants and scholarships awarded in 2006-07, 57.5% came from institutional funds; 18.2% came from federal funds; 20.3% came from other funds; and 4.0% came from state¹⁴ funds.

¹⁴ For recording purposes, the Commission included the Regent IMAGES awards of \$3,309,580 as state funds.

- ◇ Employment. In 2006-07, a total of \$145,219,198 (19.5%) was awarded in the form of on-campus employment. Of the total amount awarded, 80.1% came from institutional funds; 19.8% 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 2006-07, a total of \$410,235,731 (55.1%) was awarded in the form of loans. Of the total loans awarded in 2006-07, 78.0% came from federal funds; 15.1% came from state¹⁵ funds; 6.4% came from other funds; and 0.5% came from institutional funds.

TOTAL STUDENT FINANCIAL AID BY TYPE BETWEEN 2004-05 AND 2006-07

	Grants/Scholarships	Employment	Loans	Total
2004-05				
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%)
2005-06				
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%)
2006-07				
Amount & % Change	\$188,786,962 (+10.5%)	\$145,219,198 (+3.1%)	\$410,235,731 (+1.5%)	\$744,241,891 (+4.0%)
Awards & % Change	73,819 (+6.2%)	37,977 (-1.6%)	74,470 (-2.8%)	186,266 (+0.8%)
Avg. Award & % Change	\$2,557 (+4.0%)	\$3,824 (+4.7%)	\$5,509 (+4.5%)	\$3,996 (+3.1%)

- ◇ Undergraduate Aid. In 2006-07, a total of \$487,142,603 was awarded to undergraduates at the Regent universities; this represents more than 65.5% of the total financial aid awarded in 2006-07.
 - ☛ Of the total amount awarded to undergraduates, 50.9% came from federal funds, 14.0% came from state funds, 24.7% came from institutional funds, and 10.4% came from other funds.
 - ☛ Of the total amount awarded to undergraduates, 29.0% was in the form of grants/scholarships, 10.3% was in the form of employment, and 60.7% was in the form of loans.

¹⁵ For recording purposes, the Commission included the private loan awards of \$61,411,377 as state funds.

- ☛ In 2006-07, the average financial aid award to undergraduate students at the Regent universities was \$3,297, which represents a 2% increase from the prior year.
 - ➔ The average grant/scholarship award to undergraduate students at the Regent universities was \$2,322, which represents a 1.5% increase from the prior year.
 - ➔ The average loan award to undergraduate students at the Regent universities was \$4,804, which represents a 3.7% increase from the prior year.

TOTAL UNDERGRADUATE FINANCIAL AID BY FUNDING SOURCE BETWEEN 2004-05 AND 2006-07

	Federal	State	Institutional	Other	Total
2004-05					
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%)
2005-06					
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%)
2006-07					
Amount & % Change	\$247,873,704 (-0.8%)	\$68,057,770 (-2.4%)	\$120,415,199 (+6.1%)	\$50,795,930 (+27.1%)	\$487,142,603 (+3.0%)
Awards & % Change	71,202 (-0.3%)	10,690 (-12.0%)	50,541 (+3.8%)	15,332 (+8.1%)	147,765 (+0.9%)
Avg. Award & % Change	\$3,481 (-0.5%)	\$6,366 (+10.9%)	\$2,383 (+2.2%)	\$3,313 (+17.6%)	\$3,297 (+2.0%)

- ☛ NPSAS data describe student data rather than award data. The national average financial aid to undergraduate students who received aid in public four-year institutions in 2003-04 was \$7,400.¹⁶ The national average grant/scholarship award to undergraduate students was \$4,000. The national average loan award was \$5,800.

¹⁶ 2003-04 National Postsecondary Student Aid Study (NPSAS); most recent data available.

UNDERGRADUATE STUDENT FINANCIAL AID BY TYPE BETWEEN 2004-05 AND 2006-07

	Grants/Scholarships	Employment	Loans	Total
2004-05				
Amount & % Change	\$128,145,833 (+1.2%)	\$50,641,258 (+1.6%)	\$288,983,404 (+4.4%)	\$467,770,495 (+3.2%)
Awards & % Change	57,334 (+4.5%)	25,749 (-0.8%)	64,089 (-0.1%)	147,172 (+1.5%)
Avg. Award & % Change	\$2,235 (-3.1%)	\$1,967 (+2.4%)	\$4,509 (+4.5%)	\$3,178 (+1.6%)
2005-06				
Amount & % Change	\$129,287,048 (+0.9%)	\$48,181,691 (-4.9%)	\$295,635,298 (+2.3%)	\$473,104,037 (+1.1%)
Awards & % Change	56,521 (-1.4%)	26,106 (+1.4%)	63,813 (-0.4%)	146,440 (-0.5%)
Avg. Award & % Change	\$2,287 (+2.3%)	\$1,846 (-6.2%)	\$4,633 (+2.7%)	\$3,231 (+1.6%)
2006-07				
Amount & % Change	\$141,115,752 (+9.1%)	\$50,303,548 (+4.4%)	\$295,723,273 (+0.0%)	\$487,142,573 (+3.0%)
Awards & % Change	60,775 (+7.5%)	25,428 (-2.6%)	61,562 (-3.5%)	147,765 (+0.9%)
Avg. Award & % Change	\$2,322 (+1.5%)	\$1,978 (+7.2%)	\$4,804 (+3.7%)	\$3,297 (+2.0%)

- ◆ Graduating Seniors Without Debt. The debt load for students is based on debt incurred while attending one of the Regent universities. In 2006-07, 39.0% of the graduating seniors at SUI graduated without debt; at ISU, 27% graduated without debt; and at UNI, 22% graduated without debt. Nationally, 36% of graduating seniors in 2003-04 graduated without debt.¹⁷
- ◆ Debt Upon Graduation. The average indebtedness for those graduating with debt¹⁸ in 2006-07 was \$22,181 at SUI; at ISU, it was \$30,475; and at UNI, it was \$22,541. The national average indebtedness in 2003-04 was \$19,202.¹⁹
 - ### The average need-based indebtedness for those graduating with debt in 2006-07 was \$11,430 at SUI; at ISU, it was \$13,329; and at UNI, it was \$12,848. The national average was \$11,080 in 2003-04.²⁰
- ◆ Default Rates. In 2005, the national default rate for federal student loans was 4.6%. The default rate for Iowa was 5.3%. For the University of Iowa, it was 1.7%; for Iowa State University, it was 2.1%; and for the University of Northern Iowa, it was 1.3%.

¹⁷ 2003-04 NPSAS.

¹⁸ Excludes PLUS loans.

¹⁹ 2003-04 NPSAS.

²⁰ 2003-04 NPSAS.

**UNDERGRADUATE DEBT LOAD AT THE REGENT UNIVERSITIES
2006-07**

	RESIDENT			NON-RESIDENT			TOTAL		
	SUI	ISU	UNI	SUI	ISU	UNI	SUI	ISU	UNI
Total undergrad. students	14,011	15,735	9,907	6,727	4,705	795	20,738	20,440	10,702
No. & % of undergrads. who received fin. aid	10,802 77%	13,765 88%	8,375 85%	4,324 64%	3,736 79%	643 81%	15,130 73%	17,501 86%	9,018 84%
No. & % of undergrads. who received loan aid	8,789 63%	10,770 68%	7,254 87%	2,696 40%	2,276 48%	329 51%	11,485 55%	13,046 64%	7,583 84%
% of undergrads. who graduated with debt	67%	78%	78%	47%	55%	59%	61%	73%	78%
Avg. debt load for those with debt	\$21,260	\$29,349	\$22,528	\$24,098	\$36,373	\$22,904	\$22,181	\$30,475	\$22,541
Avg. need-based debt load for those with debt	\$11,293	\$13,123	\$12,915	\$11,908	\$14,545	\$11,020	\$11,430	\$13,329	\$12,848
% of graduating seniors who graduated without debt	33%	23%	22%	53%	45%	41%	39%	27%	22%

- ◆ Tuition Set-Aside. Board of Regents tuition policy §8.02C-5i requires that a minimum of 15% of gross tuition proceeds be set aside annually by each Regent university for student financial aid. Each university has exceeded the minimum requirements during the last several years.

TUITION SET-ASIDE BY INSTITUTION BETWEEN 2004-05 AND 2006-07

Total Tuition Set-Aside	2004-05	% of Total Tuition	2005-06	% of Total Tuition	2006-07	% of Total Tuition
SUI	\$37,394,756	18.2%	\$39,788,835	18.4%	\$41,809,000*	17.4%
ISU	\$37,879,100	23.0%	\$39,285,708	23.4%	\$39,116,196*	22.0%
UNI	\$10,891,319	18.8%	\$11,052,650	18.9%	\$11,033,612*	18.7%
Undergraduate Tuition Set-Aside	2004-05	% of Total Set-Aside	2005-06	% of Total Set-Aside	2006-07	% of Total Set-Aside
SUI	\$19,147,933*	51.2%	\$20,617,939*	51.8%	\$22,207,408*	53.1%
ISU	\$26,636,675*	70.3%	\$27,890,101*	71.0%	\$28,867,752*	73.8%
UNI	\$8,708,857*	80.0%	\$8,988,252*	81.3%	\$9,047,562*	82.0%

* Funds distributed through the Student Financial Aid Department.

◆ Issues.

- ### Federal and state work-study funding is not sufficient to meet the needs of students. These programs play a vital role in helping students earn money while in college, thus reducing the students' dependence on loans.
- ### There is a need to increase the loan limit in the federal student loan program. The current limit of \$5,500 is not sufficient for many students to meet the total cost of attendance and it has encouraged the use of private loans.
- ### A national shift from grant assistance to loan assistance as a percentage of total aid has increased the need for borrowing. According to Federal Student Aid Chief Operating Officer Larry Warder, Iowa has the 8th highest gap between Pell Grants and the total cost of education.
- ### In his testimony to the Iowa Legislature in October 2007, Robert Shireman²¹ pointed out that "increasing need-based grant aid would be one of the most constructive steps that could be taken to reduce the need for students to borrow. If a \$1,000 increase for students with substantial unmet need reduced their borrowing by the same amount each year, it could reduce Iowa's debt levels to close to the national average."

²¹ Robert Shireman is President of the Institute for College Access and Success, Inc. and director of the Project on Student Debt.

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 have a larger portion of their need met by grants, scholarships, and work-study assistance. Financial aid awarded from all sources should not in combination exceed the individual’s 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 of March 1 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 - “The awarding philosophy is based on the recruitment goals and objectives of the University’s strategic enrollment plan. UNI strives to maintain an appropriate balance between need- and merit-based awards based on this enrollment plan. Typically, need-based aid is awarded to students on a first-come, first-serve basis. Students with the greatest need will be awarded a larger proportion of non-loan aid to the extent gift aid remains available. Private loans will not be automatically packaged with student awards. Total financial aid awarded will not exceed the student’s cost of attendance.”

Institutional Initiatives.

- ◇ The following are examples of institutional programs provided by the University of Iowa:
 - ### The University implemented the Iowa Pathways Program in 2007-08. The University committed federal, state, and institutional grants, scholarships, and work-study to pay all direct educational costs for qualifying undergraduates who are Iowa residents, who graduate in the top 10% of their high school class, who qualify for a Federal Pell Grant, and whose parents’ income is at or below 150% of the poverty level. Almost 50 first-year undergraduate students have received \$100,000 in SUI Pathways Grants.
 - ### The Iowa Heritage Award of \$1,500 is available to non-resident students whose parent(s) or grandparent(s) graduated from the University of Iowa. It is renewable for three years for a qualifying undergraduate student. Approximately 120 non-resident first-year undergraduate students have received more than \$182,000 in Iowa Heritage Awards, which were implemented in 2007-08.
 - ### The Advantage Iowa Program facilitates diversity by recognizing students who may be underrepresented, first generation, economically disadvantaged, or with special disabilities that may have impeded their preparation for higher education. More than 230 first-year undergraduate students have received \$1,764,481 through this program, which was implemented in 2007-08.

¶¶ In December 2007, the Iowa Promise Scholarship was created by the president to partner with the All Iowa Opportunity Scholarship Program that pays one year of tuition and fees for high need undergraduate students. The SUI Iowa Promise Scholarship will pay tuition and fees for the sophomore, junior, and senior years of the All Iowa Opportunity Scholars who enrolled at the University in 2007-08.

¶¶ By 2010-2011, the Iowa Pathways Program, Iowa Heritage Award, Advantage Iowa Program, and the Iowa Promise Scholarship Program are expected to provide approximately \$9 million to 1,700 students.

◇ The following are examples of institutional programs provided by Iowa State University:

¶¶ In 2007-08, significantly more than the required 15% (21.1%) 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). To date, approximately 250 students have enrolled under this program.

¶¶ An electronic system for awarding athletic aid in accordance with NCAA guidelines was implemented in 2007-08. The system automatically calculates all grant-in-aid awards for more than 400 student-athletes.

¶¶ The University is transitioning to a new Resource Management Model; significant research and discussion have been necessary to be prepared to implement the model in FY 09.

◇ The following are examples of institutional programs provided by the University of Northern Iowa:

¶¶ The *Distinguished Scholars Award* (DSA) is available to all incoming Iowa resident students in the upper 25% of their high school graduating class. As a result of this program, there was an increase in enrollment of more than 100 high-ability Iowa students.

¶¶ 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. In 2007-08, UNI expanded the definition of financial need for this program to be able to offer it to more students. Therefore, UNI had an 80% increase in recipients from 130 to 240 students.

¶¶ UNI implemented a number of Financial Literacy Initiative Programs:

Workshops on credit card use, debt management, private loans, and money management.

Expanded financial aid sessions for transfer students during orientation.

Detailed counseling sessions with professional staff for students borrowing private loans.

Required completion of an information packet, which includes budget information, debt to income ratio upon repayment for private loan borrowers, and other pertinent information.

GLOSSARY

Direct Lending Schools. Students are able to borrow directly through the school to receive their federal student loans. Direct lending schools remove the “middle person” regarding applying for and receiving student loans, allowing families to obtain education loans without using a bank, credit union, or private lender.

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, 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 Reads²² and America Counts²³. 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.

²² Federal initiative to improve elementary students’ reading skills.

²³ Federal initiative to improve elementary students’ math skills.