

Contact: Diana Gonzalez

ANNUAL REGENT STUDENT FINANCIAL AID STUDY

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

Executive Summary: In response to the Board's request for information regarding the socio-economic status of students who receive financial aid at the Regent universities, the Board Office and university financial aid representatives designed and implemented the annual Regent Financial Aid Study in 2004. This study analyzes student financial aid by expected family contribution (EFC)¹ and by adjusted family income (AGI) of a segment of the population of financial aid recipients at the Regent universities and looks at characteristics of students receiving financial aid.

The results of the Regent Student Financial Aid Study conducted in Fall 2009 revealed that, in 2008-2009, there were 23,292 **full-time, resident, dependent undergraduate** FAFSA² filers who received and accepted financial aid at one of the Regent universities.³ This is a decrease of 183 students (-0.8%) from the prior year.

- ◇ 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 loans⁴, is designed to meet each student's total need. However, frequently, students, especially those with an EFC \leq \$8,000, do not accept certain components of the package, such as employment or loans. This results in unmet financial need for the student.
- ◇ Financial need is calculated by subtracting the expected family contribution from the cost of attendance (tuition, fees, books, room and board, and personal expenses).
 - ☛ Unmet financial need results when the financial aid (grants, scholarships, loans, and work-study) provided by the institution or other sources and accepted by the student is less than the total need.
 - ☛ Overmet financial need results when the financial aid accepted by the student primarily through non-need based programs exceeds total need. These dollars may be used to help defray the expected family contribution.
- ◇ Changes/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 \geq \$45,000 tend to have a smaller grant award and a higher total loan award accepted.
 - ☛ This is the third year of a decrease in the number of full-time, resident, dependent undergraduate FAFSA filers during the last four years.

¹ EFC is a measure of a family's financial strength and is calculated according to a formula established by law. A family's taxed and untaxed income, assets, and benefits are all considered in the formula. Also considered are a family's size and the number of family members who will attend college or career school during the year. It is a number used by the school to calculate the amount of federal student aid a student is eligible to receive.

² FAFSA – Free Application for Federal Student Aid.

³ There were approximately 36,300 full-time, resident undergraduates in Fall 2009.

⁴ From all sources, excluding PLUS.

- ††† There were 1,204 (5.2%) students with an EFC = \$0; this is a decrease of 33 (-2.7%) students from the prior year.
- ††† Using the EFC criterion, the number of students whose average financial aid accepted exceeded the calculated need increased by 442 students (+3.3%) from 13,362 to 13,804.
- ††† All students in the financial aid study received some type of financial aid. However, the largest proportion of the students (≈85%) received a loan; ≈58% received an institutional or private grant; ≈25% received a federal grant; ≈11% received work-study funds; and ≈7% received a state grant.
- ††† Using the AGI criterion, the number of students whose average financial aid accepted exceeded the calculated need increased by 597 (+4.0%) from 14,956 to 15,553.
- ††† In 2008, Iowa had the second highest college participation rate (38.3%) for students from low income families. Since 2002, Iowa has ranked first in four years, second in two years, and third once. Since 1998, Iowa's low income college participation rate has not dropped below 35.5%.¹

◇ The following table describes the average financial need by EFC for all students in this study at the three Regent universities. Students with an EFC ≥ \$8,001 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$5,464 due, in large part, to receiving non-need-based loans. This group constitutes the majority of students (59.3%).

**AVERAGE FINANCIAL NEED BY EXPECTED FAMILY CONTRIBUTION
2008-2009**

Expected Family Contribution (EFC)	Number of Students (n=23,344) and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	1,204 (5.2%)	80.1%	\$3,566
\$1 - \$2,000	2,166 (9.3%)	77.9%	\$3,773
\$2,001 - \$4,041	2,120 (9.1%)	81.0%	\$2,847
\$4,042 - \$6,000	2,050 (8.8%)	81.1%	\$2,455
\$6,001 - \$8,000	1,948 (8.4%)	90.0%	\$1,117
\$8,001 - \$11,000	2,451 (10.5%)	>100.00%	-\$952
\$11,001 - \$14,000	2,099 (9.0%)	>100.00%	-\$3,329
>\$14,000	9,254 (39.7%)	>100.00%	-\$7,144

¹ Postsecondary Education Opportunity, August 2009.

- ◇ 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 ≥ \$60,000 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$4,556 due, in large part, to receiving non-need-based loans. This group also constitutes the majority of students (66.8%).

**AVERAGE FINANCIAL NEED BY ADJUSTED GROSS INCOME
2008-2009**

Family Income Range by Adjusted Gross Income (AGI)	Number of Students (n=23,344) and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
<\$15,000	881 (3.8%)	78.8%	\$3,699
\$15,000 - \$29,999	1,562 (6.7%)	79.4%	\$3,460
\$30,000 - \$44,999	2,380 (10.2%)	80.8%	\$2,853
\$45,000 - \$59,999	2,916 (12.5%)	87.1%	\$1,593
\$60,000 - \$74,999	3,267 (14.0%)	>100.00%	-\$712
\$75,000 - \$89,999	3,307 (14.2%)	>100.00%	-\$3,638
≥\$90,000	8,979 (38.6%)	>100.00%	-\$6,292

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

Background:

- ◇ The Regent Financial Aid Study includes the following variables:
 - ☞ FAFSA filers who are 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 Regent Financial Aid study reflects these characteristics:
 - ☞ EFC includes a number of variables in addition to family income – family size; number of siblings 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. State grants are also need-based. For institutional/private grants, there is a blend of need-based and merit-based aid.
 - ### Loans, such as Perkins and subsidized Stafford loans, require demonstration of financial need. Other loans, such as unsubsidized Stafford loans, PLUS, and alternative loans, do not require demonstration of need.
 - ### A reduction in the availability of private educational loans in 2008-2009 resulted in an increase in the number of federal loans.
- ◇ At the University of Iowa, there were 7,076 students in this study who received and accepted financial aid in 2008-2009.¹ This is a decrease of 413 students (-5.5%) from the prior year.
- ### The majority of students (60.9%) had an EFC \geq \$8,001 and no unmet need. The average financial aid accepted by students with an EFC \geq \$8,001 exceeded the calculated need by \$5,827 due, in large part, to receiving non-need-based loans.
 - ### More than 99% of the students with an EFC \leq \$4,041 received some type of grant with an average grant award of \$7,597. Approximately 82% of the students with an EFC \leq \$4,041 received some type of loan with an average loan award of \$6,637.
 - ### Approximately 49% of the students with an EFC \geq \$4,042 received some type of grant with an average grant award of \$4,607. More than 86% of the students with an EFC \geq \$4,042 received some type of loan with an average loan award of \$7,653.
- ◇ At Iowa State University, there were 9,890 students in this study who received financial aid in 2008-2009. This is an increase of 49 students (+0.5%) from the prior year.
- ### The majority of students (58.5%) had an EFC \geq \$8,001 and no unmet need. The average financial aid accepted by students with an EFC \geq \$8,001 exceeded the calculated need by \$5,669 due, in large part, to receiving non-need-based loans.
 - ### More than 99% of the students with an EFC \leq \$4,041 received some type of grant with an average grant award of \$6,502. Approximately 87% of the students with an EFC \leq \$4,041 received some type of loan with an average loan award of \$7,296.
 - ### Approximately 67% of the students with an EFC \geq \$4,042 received some type of grant with an average grant award of \$2,939. Approximately 82% of the students with an EFC \geq \$4,042 received some type of loan with an average loan award of \$8,155.
- ◇ At the University of Northern Iowa, there were 6,326 students in this study who received financial aid in 2008-2009. This is an increase of 202 students (+3.3%) from the prior year.
- ### The majority of the students (58.7%) had an EFC \geq \$8,001 and no unmet need. The average financial aid accepted by students with an EFC \geq \$8,001 exceeded the calculated need by \$4,791 due, in large part, to receiving non-need-based loans.

¹ Excludes PLUS.

- ☛ One hundred percent of the students with an EFC ≤ \$4,041 received some type of grant with an average grant award of \$5,671. More than 89% of the students with an EFC ≤ \$4,041 received some type of loan with an average loan award of \$6,836.
- ☛ Approximately 55% of the students with an EFC ≥ \$4,042 received some type of grant with an average grant award of \$2,838. Approximately 88% of the students with an EFC ≥ \$4,042 received some type of loan with an average loan award of \$7,394.

◇ 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 2008-2009 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
2008-2009**

Expected Family Contribution (EFC) Range	Number & % of Students (n=23,344)	Average EFC	Average Total Need	Average Total Grants (n=15,865)	Average Total Work-Study (n=2,629)	Average Total Loans (n=19,851)	Average Total Financial Aid Accepted (n=23,292)	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	1,204 (5.2%)	\$0	\$17,958	\$8,389 n=1,195	\$2,216 n=267	\$6,773 n=991	\$14,392 n=1,204	\$3,566
\$1 - \$2,000	2,166 (9.3%)	\$891	\$17,093	\$7,151 n=2,159	\$2,040 n=504	\$6,669 n=1,847	\$13,320 n=2,166	\$3,773
\$2,001 - \$4,041	2,120 (9.1%)	\$3,031	\$14,994	\$5,080 n=2,111	\$2,213 n=493	\$7,394 n=1,885	\$12,147 n=2,120	\$2,847
\$4,042 - \$6,000	2,050 (8.8%)	\$5,016	\$12,976	\$3,603 n=1,639	\$2,280 n=422	\$7,832 n=1,877	\$10,521 n=2,050	\$2,455
\$6,001 - \$8,000	1,948 (8.4%)	\$6,954	\$11,138	\$3,766 n=1,258	\$2,208 n=307	\$7,975 n=1,772	\$10,021 n=1,948	\$1,117
\$8,001 - \$11,000	2,451 (10.5%)	\$9,479	\$8,651	\$3,592 n=1,582	\$2,229 n=303	\$7,865 n=2,184	\$9,602 n=2,451	-\$952
\$11,001 - \$14,000	2,099 (9.0%)	\$12,443	\$5,779	\$3,441 n=1,307	\$1,935 n=206	\$7,642 n=1,861	\$9,108 n=2,099	-\$3,329
>\$14,000	9,254 (39.7%)	\$30,045	\$592	\$3,009 n=4,614 ¹	\$1,575 n=127	\$7,735 n=7,434	\$7,736 n=9,254	-\$7,144

¹ Primarily institutional/average grants.

- ◇ Using family income as the criterion, there were 23,292 students who received any type of financial aid in 2008-2009. Approximately 10% had a family AGI <\$30,000; 23% had a family AGI of \$30,000-\$59,999; 28% had a family AGI of \$60,000-\$89,999; and 39% had a family AGI ≥\$90,000.
 - ††† In 2008-2009, there were 15,865 students who received some type of grant award; this represents a decrease of 91 students (-0.6%) from the prior year.
 - ⇒ For students with a family AGI <\$30,000, the average grant award was \$7,661 compared to \$6,972 (+9.9%) the prior year.
 - ⇒ For students with a family AGI of \$30,000-\$59,999, the average grant award was \$5,125 compared to \$4,561 (+12.4%) the prior year.
 - ⇒ For students with a family AGI of \$60,000-\$89,999, the average grant award was \$3,554 compared to \$3,071 (+15.7%) the prior year.
 - ⇒ For students with a family AGI ≥\$90,000, the average grant award was \$3,045 compared to \$2,826 (+7.7%) the prior year.
 - ††† In 2008-2009, there were 19,851 students who received some type of loan¹; this represents an increase of 1,038 (+5.5%) from the prior year.
 - ⇒ For students with a family AGI <\$30,000, the average loan award was \$6,657 compared to \$6,229 (+6.9%) the prior year.
 - ⇒ For students with a family AGI of \$30,000-\$59,999, the average loan award was \$7,393 compared to \$7,248 (+2.0%) the prior year.
 - ⇒ For students with a family AGI of \$60,000-\$89,999, the average loan award was \$7,893 compared to \$7,822 (+0.9%) the prior year.
 - ⇒ For students with a family AGI ≥\$90,000, the average loan award was \$7,739 compared to \$7,348 (+5.3%) the prior year.

¹ Excludes PLUS.