

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 2010 revealed that, in 2009-10, there were 23,845 **full-time, resident, dependent undergraduate** FAFSA² filers who received and accepted financial aid at one of the Regent universities.³ This is an increase of 553 students (+2.4%) 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/employment, and loans⁴, is designed to meet each student's total financial need. However, frequently, students, especially those with an EFC ≤ \$8,000, do not accept certain components of the package, such as employment or loans. This results in what appears to be 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/employment) 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 ≥ \$45,000 tend to have a smaller grant award and a higher total loan award accepted.

¹ EFC is a measure of a family's financial strength and is calculated according to a formula established by law. Also considered are a family's taxed and untaxed income, assets and benefits, family size and 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 35,450 full-time, resident undergraduates in Fall 2010.

⁴ From all sources, including PLUS.

- ☛ This year, there was an increase in the number of full-time, resident, dependent undergraduate FAFSA filers after three years of a decrease.
 - ☛ There were 1,997 (8.4%) students with an EFC = \$0; this is an increase of 793 (+65.9%) students from the prior year.
 - ☛ Using the EFC criterion, the number of students whose average financial aid accepted exceeded the calculated need increased by 301 students (+2.2%) from 13,804 to 14,105.
 - ☛ Using the AGI criterion, the number of students whose average financial aid accepted exceeded the calculated need decreased by 2,200 (-14.1%) from 15,553 to 13,353.
 - ☛ In 2009, Iowa had the seventh highest college participation rate (36.6%) for students from low income families; the national average was 27.4%. 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 \$4,926 due, in large part, to receiving non-need-based loans. This group constitutes the majority of students (59.2%). Prior to 2009-10, students with an EFC ≥ \$6,001 had no unmet need.

**AVERAGE FINANCIAL NEED² BY EXPECTED FAMILY CONTRIBUTION
2009-2010**

Expected Family Contribution (EFC)	Number of Students (n=23,845) and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	1,997 (8.4%)	80.0%	\$3,759
\$1 - \$2,000	2,006 (8.5%)	78.5%	\$3,872
\$2,001 - \$4,617	2,511 (10.5%)	79.1%	\$3,218
\$4,618 - \$6,000	1,389 (5.8%)	75.0%	\$3,359
\$6,001 - \$8,000	1,837 (7.7%)	84.8%	\$1,799
\$8,001 - \$11,000	2,419 (10.1%)	>100.00%	-\$97
\$11,001 - \$14,000	2,137 (9.0%)	>100.00%	-\$2,355
>\$14,000	9,549 (40.0%)	>100.00%	-\$6,724

¹ Postsecondary Education Opportunity, August 2009.

² Does not include PLUS.

- ◇ 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 \geq \$75,000 had no unmet need. In fact, the average financial aid accepted exceeded the calculated need by \$4,888 due, in large part, to receiving non-need-based loans. This group also constitutes the majority of students (56.0%). In prior years, students whose families had an AGI \geq \$60,000 had no unmet need.

**AVERAGE FINANCIAL NEED BY ADJUSTED GROSS INCOME
2009-2010**

Family Income Range by Adjusted Gross Income (AGI)	Number of Students (n=23,845) and Percent of Total	Percent of Aid Accepted/Total Need	Average Financial Need Not Met by Total Financial Aid Accepted
<\$15,000	882 (3.7%)	77.3%	\$3,907
\$15,000 - \$29,999	1,596 (6.7%)	79.0%	\$3,831
\$30,000 - \$44,999	2,248 (9.4%)	79.1%	\$3,460
\$45,000 - \$59,999	2,725 (11.4%)	80.6%	\$2,660
\$60,000 - \$74,999	3,041 (12.8%)	94.4%	\$591
\$75,000 - \$89,999	3,302 (13.8%)	>100.00%	-\$2,146
\geq \$90,000	10,051 (42.2%)	>100.00%	-\$5,788

The Regent Financial Aid Study addresses the Board of Regents Strategic Plan priorities of “access, affordability, and student success” and “educational excellence and impact.”

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 family members 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 and TEACH, 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 2009-10 resulted in an increase in the number of federal loans.
- ◇ At the University of Iowa, there were 6,984 students in this study who received and accepted financial aid in 2009-10.¹ This is a decrease of 92 students (-1.3%) from the prior year.
- ### The majority of students (60.3%) 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 \$5,449 due, in large part, to receiving non-need-based loans.
 - ### More than 99% of the students with an EFC \leq \$4,617 received some type of grant with an average grant award of \$8,217. Approximately 87% of the students with an EFC \leq \$4,617 received some type of loan with an average loan award of \$6,209.
 - ### Approximately 45% of the students with an EFC \geq \$4,618 received some type of grant with an average grant award of \$4,745. More than 91% of the students with an EFC \geq \$4,618 received some type of loan with an average loan award of \$7,235.
- ◇ At Iowa State University, there were 10,356 students in this study who received and accepted financial aid in 2009-10. This is an increase of 466 students (+4.7%) from the prior year.
- ### The majority of students (58.4%) 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 \$5,239 due, in large part, to receiving non-need-based loans.
 - ### More than 99% of the students with an EFC \leq \$4,617 received some type of grant with an average grant award of \$7,539. Approximately 85% of the students with an EFC \leq \$4,617 received some type of loan with an average loan award of \$6,738.
 - ### Approximately 69% of the students with an EFC \geq \$4,618 received some type of grant with an average grant award of \$2,934. Approximately 81% of the students with an EFC \geq \$4,618 received some type of loan with an average loan award of \$7,963.

¹ Does not include PLUS.

- ◇ At the University of Northern Iowa, there were 6,505 students in this study who received and accepted financial aid in 2009-10. This is an increase of 179 students (+2.8%) from the prior year.
 - ‡‡‡ Approximately half of the students (48.2%) had an EFC \geq \$11,001 and no unmet need. The average financial aid accepted by students with an EFC \geq \$11,001 exceeded the calculated need by \$5,274 due, in large part, to receiving non-need-based loans.
 - ‡‡‡ Essentially 100% of the students with an EFC \leq \$4,617 received some type of grant with an average grant award of \$6,693. More than 87% of the students with an EFC \leq \$4,617 received some type of loan with an average loan award of \$6,455.
 - ‡‡‡ Approximately 55% of the students with an EFC \geq \$4,618 received some type of grant with an average grant award of \$2,998. Approximately 87% of the students with an EFC \geq \$4,618 received some type of loan with an average loan award of \$6,757.

- ◇ 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 2009-10 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
2009-2010**

Expected Family Contribution (EFC) Range	Number & % of Students (n=23,845)	Average EFC	Average Total Need	Average Total Grants (n=16,532)	Average Total Work-Study (n=2,681)	Average Total Loans ¹ (n=20,450)	Average Total Financial Aid Accepted (n=23,845)	Average Financial Need Not Met by Total Financial Aid Accepted
\$0	1,997 (8.4%)	\$0	\$18,735	\$9,191 (n=1,986)	\$2,122 (n=430)	\$6,229 (n=1,688)	\$14,976 (n=1,997)	\$3,759
\$1 - \$2,000	2,006 (8.5%)	\$808	\$18,032	\$8,188 (n=2,000)	\$2,181 (n=478)	\$6,318 (n=1,701)	\$14,161 (n=2,006)	\$3,872
\$2,001 - \$4,617	2,511 (10.5%)	\$3,308	\$15,420	\$5,578 (n=2,503)	\$2,177 (n=581)	\$6,765 (n=2,236)	\$12,202 (n=2,511)	\$3,218
\$4,618 - \$6,000	1,389 (5.8%)	\$5,317	\$13,441	\$4,094 (n=1,069)	\$2,236 (n=231)	\$7,329 (n=1,264)	\$10,081 (n=1,389)	\$3,359
\$6,001 - \$8,000	1,837 (7.7%)	\$6,984	\$11,872	\$4,174 (n=1,258)	\$2,213 (n=294)	\$7,546 (n=1,686)	\$10,073 (n=1,837)	\$1,799
\$8,001 - \$11,000	2,419 (10.1%)	\$9,445	\$9,419	\$4,018 (n=1,562)	\$2,246 (n=338)	\$7,401 (n=2,205)	\$9,516 (n=2,419)	-\$97
\$11,001 - \$14,000	2,137 (9.0%)	\$12,478	\$6,462	\$3,883 (n=1,352)	\$1,718 (n=208)	\$7,247 (n=1,884)	\$8,816 (n=2,137)	-\$2,355
>\$14,000	9,549 (40.0%)	\$30,636	\$769	\$3,096 (n=4,802) ²	\$1,806 (n=121)	\$7,261 (n=7,786)	\$7,493 (n=9,549)	-\$6,724

¹ Does not include PLUS.

² Primarily institutional/private grants.

FAMILY ADJUSTED GROSS INCOME AND AVERAGE UNMET NEED
2009-2010

Family Income Range by AGI	Number & % of Students (n=23,845)	Average EFC	Average Total Need	Average Total Grants (n=16,535)	Average Total Work-Study (n=2,681)	Average Total Loans ¹ (n=20,450)	Average Total Financial Aid Accepted (n=23,845)	Average Financial Need Not Met by Total Financial Aid Accepted
<\$15,000	882 (3.7%)	\$513	\$18,285	\$8,700 (n=864)	\$2,267 (n=195)	\$6,358 (n=719)	\$14,378 (n=882)	\$3,907
\$15,000 - \$29,999	1,596 (6.7%)	\$667	\$18,266	\$8,805 (n=1,577)	\$2,062 (n=347)	\$6,274 (n=1,330)	\$14,435 (n=1,596)	\$3,831
\$30,000 - \$44,999	2,248 (9.4%)	\$2,414	\$16,574	\$7,191 (n=2,188)	\$2,156 (n=491)	\$6,400 (n=1,948)	\$13,114 (n=2,248)	\$3,460
\$45,000 - \$59,999	2,725 (11.4%)	\$5,347	\$13,731	\$5,375 (n=2,319)	\$2,199 (n=529)	\$6,837 (n=2,405)	\$11,071 (n=2,725)	\$2,660
\$60,000 - \$74,999	3,041 (12.8%)	\$8,691	\$10,624	\$4,364 (n=2,211)	\$2,244 (n=478)	\$7,278 (n=2,743)	\$10,033 (n=3,041)	\$591
\$75,000 - \$89,999	3,302 (13.8%)	\$12,950	\$6,929	\$3,745 (n=2,080)	\$2,018 (n=336)	\$7,402 (n=2,949)	\$9,074 (n=3,302)	-\$2,146
>\$90,000	10,051 (42.2%)	\$28,206	\$2,035	\$3,248 (n=5,296) ²	\$2,030 (n=305)	\$7,319 (n=8,356)	\$7,823 (n=10,051)	-\$5,788

◇ Using family income as the criterion, there were 23,845 students who received any type of financial aid in 2009-10. Approximately 10% had a family AGI <\$30,000; ≈21% had a family AGI of \$30,000-\$59,999; ≈27% had a family AGI of \$60,000-\$89,999; and ≈42% had a family AGI ≥\$90,000.

◆ In 2009-10, there were 16,535 students who received some type of grant award; this represents an increase of 670 students (+4.2%) from the prior year.

- ⇒ For students with a family AGI <\$30,000, the average grant award was \$8,768 compared to \$7,661 (+14.4%) the prior year.
- ⇒ For students with a family AGI of \$30,000-\$59,999, the average grant award was \$6,257 compared to \$5,125 (+22.1%) the prior year.
- ⇒ For students with a family AGI of \$60,000-\$89,999, the average grant award was \$4,064 compared to \$3,554 (+14.4%) the prior year.
- ⇒ For students with a family AGI ≥\$90,000, the average grant award was \$3,248 compared to \$3,045 (+6.7%) the prior year.

¹ Does not include PLUS.

² Primarily institutional/private grants.

- *** In 2009-10, there were 20,450 students who received some type of loan¹; this represents an increase of 599 (+3.0%) from the prior year.
- ⇒ For students with a family AGI <\$30,000, the average loan award was \$6,303 compared to \$6,657 (-5.3%) the prior year.
 - ⇒ For students with a family AGI of \$30,000-\$59,999, the average loan award was \$6,641 compared to \$7,393 (-10.2%) the prior year.
 - ⇒ For students with a family AGI of \$60,000-\$89,999, the average loan award was \$7,342 compared to \$7,893 (-7.0%) the prior year.
 - ⇒ For students with a family AGI ≥\$90,000, the average loan award was \$7,319 compared to \$7,739 (-5.4%) the prior year.

All students included in the financial aid study received some type of financial aid. However, the largest proportion of the students (≈86%) received a loan; ≈63% received an institutional or private grant; ≈29% received a federal grant; ≈11% received work-study funds; and ≈6% received a state grant.

¹ Does not include PLUS.