



Trends in Higher Education Series

2005

Trends in Student Aid

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Introduction

Trends in Student Aid presents annual data on the amount of financial assistance—grants, loans, work-study, and education tax benefits—distributed to students to help them pay for postsecondary education. The College Board began this data series in 1983 to track trends in the value of student financial aid from federal, state, and institutional sources. We continue to augment and refine our data collection and reporting, but all of the data included here are based on consistent definitions over time.

Trends in College Pricing, released together with this report, presents data from the College Board's *Annual Survey of Colleges* on undergraduate charges for tuition, fees, room and board, and other estimated expenses related to attending colleges and universities. Although the most recent data in *Trends in Student Aid 2005* are for the 2004-05 academic year, while the data in *Trends in College Pricing 2005* extend to 2005-06, we publish the reports together to emphasize the relationship between how much colleges and universities charge and the assistance available to students to pay these charges. The net prices actually paid by students and families are more important for college access and affordability than the higher published prices.

Taken together, the companion reports, *Trends in College Pricing* and *Trends in Student Aid*, tell much about the financing of postsecondary educational opportunity in America.

We have modified the format of the *Trends* reports this year to include explanation and commentary with each of the graphs and charts. We hope that this addition will make the reports easier to understand and more useful to readers. The basic content of the reports has not changed, but we have moved some of the more detailed tables to our Web site (www.collegeboard.com/trends), where they are posted in Excel format. Both PDF copies of the publications and PowerPoint files containing individual slides for all of the tables and graphs are also on the Web site. Please feel free to use these slides with proper attribution.

In 2004, the *Trends* reports were accompanied by a third publication, *Education Pays: The Benefits of Higher Education for Individuals and Society*. This year we are issuing a brief supplement to that report providing additional information on the economic and social benefits of higher education. We continue to focus on the distribution of these benefits by examining both the progress and the persistent gaps in participation in postsecondary education.

As always, we continue to improve our coverage of programs and update previously reported statistics when better data become available. Therefore, this update replaces previous *Trends in Student Aid* publications.

Defining Student Aid

Students and their families pay only a fraction of the cost of higher education; the balance comes from a variety of sources. At public colleges and universities, tuition levels are significantly lower than institutional costs because state governments provide about \$60 billion per year in funding to colleges and universities. In recent years, the share of total costs covered by state appropriations has declined, while the share covered by tuition and fees has increased. Private colleges and universities charge significantly higher levels of tuition, but tuition is still almost always lower than the cost to the institution of educating students. It is subsidized primarily by revenues from private philanthropic sources. *Trends in Student Aid* does not address these general subsidies to students. We focus only on aid that is provided directly to students to help them meet the published prices and other expenses associated with enrolling in postsecondary education.

In the years since 1983, when the College Board first published *Trends in Student Aid*, student financing has become more complex and the line between student aid and other sources of funds has become less clear-cut. For the first time this year, we use two different measures to describe how students pay for college. We define student aid as grants from all sources, loans and work-study assistance from the federal government, and federal education tax credits and deductions. We have removed private loans from all calculations identified as student aid both for 2004-05 and for past years. However, we combine private education loans with student aid when we describe student borrowing and funding.

Private loans provided exclusively for students through commercial and state sources were first added to *Trends in Student Aid* in 1994-95, when their dollar value was about 5 percent of federal student loan volume. As the price of attending college has increased and family incomes, grant aid, and federal loans have failed to keep pace, the volume of student borrowing from private sources has skyrocketed and now equals about 22 percent of federal education loan volume. Counting these dollars as student aid would cause our estimates of student aid to rise automatically as students are increasingly forced to rely on this unsubsidized funding source, concealing the growing gap between available aid and the need for resources.

The student aid documented in this report includes funds distributed to both undergraduate and graduate students. For the first time last year, we were able to separate the financial aid awarded to undergraduate students from the funds received by graduate students. Tables 1 and 2 still report financial aid to all postsecondary students, but we report federal loans separately for graduate and undergraduate students in Table 4 and show the difference in the composition of aid for the two groups of students in Figure 7 and Table 6. Eighty-six percent of all grants and 65 percent of loans used to pay higher education costs are for undergraduate study.

From the students' perspective, grant aid, which is a pure subsidy not requiring repayment, is most desirable and is the one form of aid that unambiguously increases the financial accessibility of college. Education tax credits, first available in 1998, and the tax savings arising from the federal tuition and fee deduction, which was implemented in 2002, are also pure subsidies.

Pell Grants, the need-based federal grants that form the foundation enabling low-income students to finance a college education, are an

important focus of any study of student aid. This report documents both the recent stagnation in the Pell dollars available to individual students and the sharp increases in the total amount of Pell funding resulting from increased participation in the program. (Table 8; Figures 8, 9, and 10)

This year for the first time we include grant aid from private sources, such as foundations and community groups, as well as tuition assistance from employers in our student aid total. Although they were not previously reported in *Trends in Student Aid*, we have added values for these aid sources to the amounts of aid reported for past years in Tables 1 and 2.

In addition to grants and tax benefits, our measure of student aid includes all education loans involving any federal funding. About 43 percent of federal education loans come through the federal government's subsidized Stafford Loan Program. Although these funds must be repaid after students complete their education, they involve significant subsidies since the federal government pays the interest while the student is in school and subsidizes the interest throughout the life of the loans. The unsubsidized Stafford Loan Program, comprising 41 percent of federal loans, has a much smaller subsidy component because interest accrues while the student is in school. However, like subsidized Stafford loans, these loans are guaranteed by the federal government and the interest rates are below market levels. Interest rates on Parent Loans to Undergraduate Students (PLUS) are also limited by statute.

Alternative private education loans from banks and other private lenders do not provide any subsidy to students. They are not included in our measure of total student aid but we report on them because of their increasing importance in student financing. These loans generally must be certified by the financial aid office and in some cases are included in the financial aid packages institutions award to students.

Work-study funds constitute only about 1 percent of student aid. These funds are actually subsidies to institutions in the form of matching funds for student wages. However, they assure students of gainful employment and are included in the student aid packages colleges and universities award to students.

In addition to data on the amounts of the various forms of federal aid overall, per student, and per recipient, we include information on the distribution of federal aid across sectors within higher education (Table 5, Figure 5a). Differences in cost of attendance, the income distribution of the student bodies, and federal regulations lead to aid packages that have very different compositions for students enrolled in different types of institutions.

Tax benefits for higher education expenses have grown considerably in recent years. Although education tax credits and tax savings from the deduction for tuition and fees are the only subsidies of this form included in our total measure of student aid, students benefit from several other provisions of the tax code. In 2003, 7 million taxpayers claimed about \$4.5 billion in deductions for interest paid on student loans. Other exemptions from income taxation include education benefits from employers; the interest on education savings bonds; returns on savings in Coverdell education savings accounts, 529 savings plans, and prepaid tuition programs; and work-related education expenses. Figures 14 and 15 include information on assets in state-sponsored Section 529 college savings plans and prepaid tuition plans.

Need-Based and Non-Need-Based Aid

The student aid described in this report serves a variety of purposes. In the 1970s and 1980s, most aid programs were designed to increase access to college for students who would otherwise be unable to afford to enroll. In recent years, student aid programs have been focused increasingly on affecting students' choice of institutions and on reducing the financial strain on middle-income families.

Our data on federal grant aid, almost all of which is need based, and on education tax benefits, which are concentrated on middle- and upper-income families, provide an indicator of the changing focus at the federal level. We also include information that separates state need-based and non-need-based grant aid. However, there is no simple way to draw a line between these two forms of grant aid. Some state grants are based only on need and some only on merit, but many are based on a combination of these criteria.

The ambiguity is even greater for institutional grant aid. Some institutions, particularly the most selective private colleges and universities, award aid only on the basis of financial need and attempt to meet as much of the need as possible for all accepted candidates. Some other institutions award grants only to students who have financial need, but use academic merit or other relevant characteristics to ration their limited funds. In contrast, many institutions award grant aid not only to students with insufficient resources to meet the cost of attendance, but also to students who have the ability to pay but whom the school is particularly interested in enrolling. Most non-need-based aid is based at least partially on either academic qualifications or athletic ability. We do not attempt to divide institutional grant aid into need-based and non-need-based aid but we do report on the amounts of grant aid awarded to students at different income levels in different types of institutions. (Figures 12a and 12b)

Student Debt

Since the early 1980s, *Trends* has tracked the growing reliance on borrowing for higher education. This year we continue the practice of examining undergraduate and graduate loans separately, in addition to tracking the role of debt financing overall.

This year for the first time we include information on the debts accumulated by individual students, in addition to total loan volumes (Figure 5). Like the aggregate data, these data on student debt do not include credit card financing, conventional consumer loans, or home equity loans and lines of credit. While home equity financing may be a financially sound decision for many families, this can rarely be said of credit card financing. Recent estimates suggest that as many as 25 percent of college students may be relying on credit card debt to help finance their education (Nellie Mae, 2005), but we have no way to document trends in this type of borrowing for inclusion in this report.

Limitations of the Data Collection

Precise data are available on federal student aid, but this is not the case for all of the funding sources on which we report. Data on institutional grant aid awarded to students are particularly lacking. We have used all of the information available to us to arrive at the best possible estimates, but these figures should be recognized as approximations. Data on grants from private sources and employers are based on the *National Postsecondary Student Aid Study* and are imputed for years in which the survey was not conducted. The volume of borrowing through private loan programs is based on a survey of major lenders and is also a best approximation.

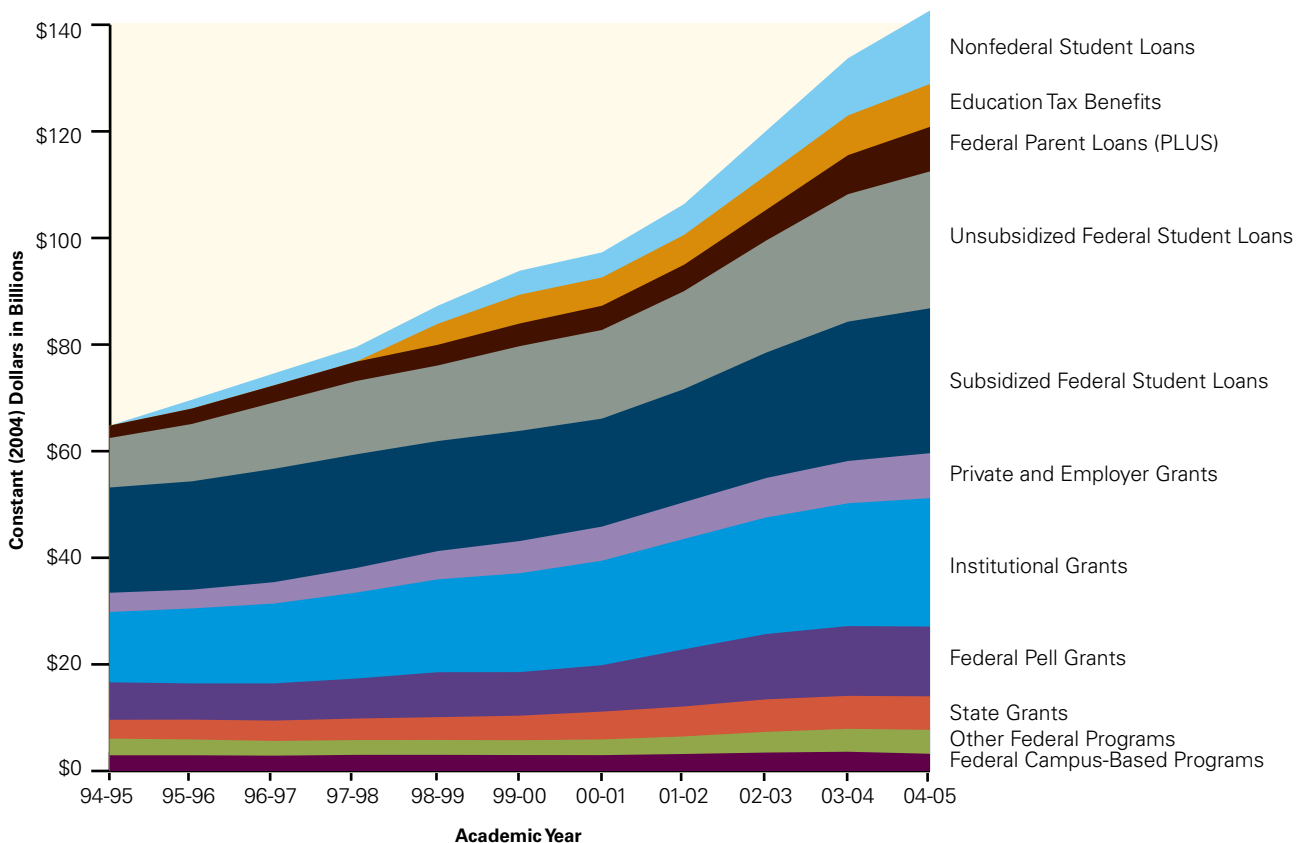
Basic program statistics for all years in our database back to 1963-64, published in the Appendixes of earlier editions of *Trends in Student Aid*, are available on the College Board Web site. As always, we welcome reader comments and suggestions on ways to broaden the coverage and increase the usefulness of the *Trends in Student Aid* data series. Visit the College Board Web site at www.collegeboard.com/trends for an electronic version of this document and the companion report, *Trends in College Pricing 2005*.

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Figure 1: Ten-Year Trend in Funds Used to Finance Postsecondary Education Expenses, 1994-95 to 2004-05



Executive Summary

Student aid comes in many different forms, each of which carries different benefits for students. As a result, focusing on trends over time in the total amount of available student aid conceals significant differences in the way students and families finance college and in the extent to which student aid increases access to higher education. Grants, loans, work-based aid, and tax benefits involve different levels of subsidies and require different actions on the part of the recipient. In addition, unlike grants and loan funds, which can be used to pay bills for education, tax benefits are generally not received until months after payments are made. Moreover, even within these broad categories, the variety of sources of aid and of specific program provisions make generalizations difficult. Nonetheless, adding all the components of the student aid system together provides an indicator of the availability of funds to fill the gap between the amount students and families can reasonably afford to pay for postsecondary education and the cost of attendance. *Trends in Student Aid* provides detailed information about the aggregate amount of student aid and aid per student, in addition to the composition and distribution of that aid.

Total Aid

Total student aid, including grants from all sources plus loans, work-study, and tax benefits from the federal government, doubled in inflation-adjusted dollars over the decade from 1994-95 to 2004-05.

- Grant aid to undergraduate and graduate students increased by 86 percent over the decade, after adjusting for inflation.
- The 3 percent increase in inflation-adjusted total grant dollars between 2003-04 and 2004-05 was the smallest percentage increase over the decade.
- The rate of growth of private student loans was higher in 2004-05 than the rate of growth of any type of student aid. The fastest growing student aid program over the decade was Parent Loans for Undergraduate Students (PLUS).
- Institutional grant aid, subsidized Stafford Loans, unsubsidized Stafford Loans, and PLUS each grew by more than \$1 billion between 2003-04 and 2004-05.
- Federal loans constitute 47 percent of total aid to graduate and undergraduate students. Institutions provide the largest source of grant aid, with discounts to students comprising 19 percent of student aid and 42 percent of all grant aid.

Student Borrowing

- Increases in Stafford Loan volume over the past decade are the result of an increase in the number of loans issued, not increases in the constant dollar value of the loans.
- Graduate student borrowing is increasing more rapidly than undergraduate student borrowing.
- Between 2003-04 and 2004-05, the number of borrowers and the number of loans in the PLUS program grew more rapidly than the number in either Stafford student loan program. The unsubsidized Stafford Loan program grew more rapidly than the subsidized Stafford Loan program.
- Education loans from private lenders continue to grow relative to the federal loans provided through the student aid system.
- The typical student who borrows to finance a bachelor's degree graduates with less than \$20,000 in total debt.

Grant Aid

- The proportion of undergraduate funding in the form of grant aid has declined each year since 2001.
- Between 1996-97 and 2001-02, grants to undergraduates grew more rapidly than student borrowing.
- The number of Pell Grant recipients increased by only 3 percent in 2004-05, after growing at an average annual rate of about 8 percent over the three preceding years.
- The growth in total Pell expenditures slowed in the same pattern as the growth in the number of recipients.
- The percentage of tuition, fees, room and board at the average public four-year college covered by the maximum Pell Grant declined from 42 percent in 2001-02 to 36 percent in 2004-05.
- The distribution of institutional grant aid differs considerably at different types of institutions.
- Grant aid from all sources averages about \$4,500 per full-time equivalent student, including both undergraduate and graduate students.

Other College Funding

- Participation in Section 529 college savings plans continues to grow.
- Both federal education tax credits and the federal tuition tax deduction benefit primarily middle- and upper-income taxpayers.
- Federal tax credits and deductions now constitute about 6 percent of total student aid.
- Federal work-study assistance constitutes just under 1 percent of total student aid.

Total Student Aid Dollars

Table 1: Aid Used to Finance Postsecondary Education Expenses in Current Dollars (in Millions), 1994-95 to 2004-05

	Academic Year											10-Year*	
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05		
Federally Supported Programs													
Grants													
Pell Grants	\$5,519	\$5,472	\$5,780	\$6,331	\$7,233	\$7,208	\$7,956	\$9,975	\$11,642	\$12,708	\$13,090	137%	
SEOG	\$583	\$583	\$583	\$583	\$614	\$619	\$631	\$691	\$725	\$760	\$771	32%	
LEAP	\$72	\$64	\$32	\$50	\$25	\$25	\$40	\$55	\$66	\$66	\$64	-12%	
Veterans	\$1,256	\$1,303	\$1,279	\$1,347	\$1,484	\$1,491	\$1,644	\$1,883	\$2,243	\$2,594	\$2,894	130%	
Military/Other Grants	\$688	\$700	\$702	\$730	\$769	\$826	\$892	\$1,011	\$1,256	\$1,386	\$1,404	104%	
Subtotal	\$8,119	\$8,121	\$8,376	\$9,040	\$10,125	\$10,169	\$11,163	\$13,615	\$15,931	\$17,514	\$18,223	124%	
Federal Work-Study	\$757	\$764	\$776	\$906	\$913	\$917	\$939	\$1,032	\$1,097	\$1,107	\$1,194	58%	
Loans													
Perkins Loans	\$971	\$1,029	\$1,022	\$1,062	\$1,070	\$1,101	\$1,144	\$1,239	\$1,460	\$1,639	\$1,263	30%	
Subsidized Stafford	\$15,498	\$16,381	\$17,624	\$17,994	\$17,698	\$18,237	\$18,502	\$19,722	\$22,342	\$25,375	\$27,181	75%	
Unsubsidized Stafford	\$7,281	\$8,674	\$10,320	\$11,606	\$12,169	\$14,027	\$15,192	\$17,080	\$19,970	\$23,219	\$25,682	253%	
PLUS	\$1,824	\$2,329	\$2,660	\$3,051	\$3,322	\$3,750	\$4,147	\$4,602	\$5,464	\$7,105	\$8,362	358%	
Other Loans	\$436	\$325	\$281	\$217	\$117	\$113	\$116	\$118	\$125	\$125	\$125	-71%	
Subtotal	\$26,011	\$28,737	\$31,906	\$33,930	\$34,376	\$37,228	\$39,101	\$42,761	\$49,360	\$57,463	\$62,614	141%	
Education Tax Benefits	—	—	—	—	\$3,377	\$4,772	\$4,851	\$5,205	\$6,164	\$7,227	\$8,037	138%	
Total Federal Aid	\$34,887	\$37,622	\$41,058	\$43,877	\$48,791	\$53,087	\$56,054	\$62,612	\$72,554	\$83,311	\$90,068	158%	
State Grant Programs	\$2,773	\$3,000	\$3,163	\$3,404	\$3,669	\$4,064	\$4,766	\$5,223	\$5,792	\$6,008	\$6,294	127%	
Institutional Grants	\$10,350	\$11,337	\$12,419	\$13,600	\$14,941	\$16,366	\$17,904	\$19,239	\$20,778	\$22,365	\$24,082	133%	
Private and Employer Grants	\$2,830	\$2,839	\$3,324	\$3,891	\$4,554	\$5,331	\$5,845	\$6,408	\$7,026	\$7,703	\$8,445	198%	
Total Federal, State, Institutional Aid	\$50,840	\$54,798	\$59,964	\$64,772	\$71,955	\$78,848	\$84,570	\$93,482	\$106,149	\$119,387	\$128,889	154%	
Nonfederal Loans	—	\$1,334	\$1,866	\$2,312	\$2,903	\$3,964	\$4,296	\$5,375	\$7,910	\$10,428	\$13,793	934%	
Total Funds Used to Finance Postsecondary Expenses	\$50,840	\$56,131	\$61,830	\$67,084	\$74,858	\$82,811	\$88,866	\$98,857	\$114,060	\$129,815	\$142,682	181%	

* Where programs have been in existence for less than 10 years, percent change is calculated based on the age of the program.

Note: Components may not sum exactly to totals due to rounding. Other Loans includes SLS.

During the 2004-05 academic year about \$129 billion in financial aid was distributed to undergraduate and graduate students in the form of grants, work-study, federal loans, and federal tax credits and deductions. In addition, these students borrowed almost \$14 billion dollars from nonfederal sources to help finance their education.

- Grant aid and tax benefits provide subsidies to students and families equal to the dollar amounts reported here. The subsidy value of other aid is less than the dollar amounts awarded. Subsidized Stafford Loans offer significant subsidies because the federal government pays the interest while the student is in school and the interest rate is regulated for the life of the loan. Other federal loans provide minimal subsidies, either through federal guarantees and/or through regulated interest rates.
- The \$63 billion in federal loans reported in this table includes both those loans guaranteed by the federal government but financed privately under the Federal Family Education Loan Program and those loans borrowed directly from the government through the Ford Direct Student Loan Program. Perkins and Stafford Loans are awarded to students, while PLUS loans are issued to parents of undergraduate students.
- The education tax benefits reported here include Hope and Lifetime Learning tax credits and the tax savings generated by the federal deduction for tuition and fees.
- The aid reported in this table includes both need-based aid, for which students and families qualify based on their financial circumstances, and non-need-based aid, which is either available to all students or allocated based on criteria other than financial need.
- Nonfederal loans are not included in the student aid total because while they help students finance their education, they do not involve any subsidy.

Total Student Aid Dollars—Adjusted for Inflation

Table 2: Aid Used to Finance Postsecondary Education Expenses in Constant (2004) Dollars (in Millions), 1994-95 to 2004-05

	Academic Year											% Change
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	
Federally Supported Programs												
Grants												
Pell Grants	\$7,034	\$6,789	\$6,972	\$7,503	\$8,433	\$8,171	\$8,711	\$10,731	\$12,254	\$13,090	\$13,090	86%
SEOG	\$743	\$723	\$703	\$691	\$716	\$702	\$691	\$743	\$763	\$783	\$771	4%
LEAP	\$92	\$80	\$38	\$59	\$29	\$28	\$44	\$59	\$70	\$68	\$64	-31%
Veterans	\$1,600	\$1,616	\$1,543	\$1,596	\$1,731	\$1,690	\$1,800	\$2,026	\$2,361	\$2,672	\$2,894	81%
Military/Other Grants	\$877	\$868	\$847	\$865	\$896	\$936	\$976	\$1,087	\$1,322	\$1,428	\$1,404	60%
Subtotal	\$10,347	\$10,076	\$10,104	\$10,714	\$11,805	\$11,526	\$12,221	\$14,646	\$16,770	\$18,041	\$18,223	76%
Federal Work-Study	\$965	\$948	\$936	\$1,074	\$1,065	\$1,040	\$1,028	\$1,110	\$1,155	\$1,140	\$1,194	24%
Loans												
Perkins Loans	\$1,237	\$1,277	\$1,232	\$1,259	\$1,248	\$1,248	\$1,253	\$1,333	\$1,537	\$1,688	\$1,263	2%
Subsidized Stafford	\$19,752	\$20,324	\$21,260	\$21,326	\$20,636	\$20,671	\$20,256	\$21,216	\$23,517	\$26,138	\$27,181	38%
Unsubsidized Stafford	\$9,280	\$10,762	\$12,449	\$13,755	\$14,189	\$15,899	\$16,632	\$18,374	\$21,020	\$23,918	\$25,682	177%
PLUS	\$2,324	\$2,889	\$3,209	\$3,616	\$3,874	\$4,251	\$4,541	\$4,951	\$5,751	\$7,319	\$8,362	260%
Other Loans	\$556	\$403	\$339	\$257	\$136	\$129	\$127	\$126	\$132	\$129	\$125	-77%
Subtotal	\$33,150	\$35,655	\$38,488	\$40,213	\$40,082	\$42,198	\$42,808	\$46,000	\$51,958	\$59,192	\$62,614	89%
Education Tax Benefits	—	—	—	—	\$3,938	\$5,409	\$5,311	\$5,599	\$6,489	\$7,445	\$8,037	104%
Total Federal Aid	\$44,462	\$46,678	\$49,528	\$52,001	\$56,890	\$60,173	\$61,369	\$67,356	\$76,372	\$85,818	\$90,068	103%
State Grant Programs	\$3,534	\$3,722	\$3,816	\$4,034	\$4,278	\$4,606	\$5,218	\$5,618	\$6,097	\$6,189	\$6,294	78%
Institutional Grants	\$13,191	\$14,066	\$14,981	\$16,118	\$17,421	\$18,551	\$19,601	\$20,696	\$21,871	\$23,038	\$24,082	83%
Private and Employer Grants	\$3,607	\$3,522	\$4,010	\$4,612	\$5,310	\$6,043	\$6,399	\$6,893	\$7,396	\$7,935	\$8,445	134%
Total Federal, State, Institutional Aid	\$64,794	\$67,989	\$72,335	\$76,766	\$83,900	\$89,373	\$92,587	\$100,564	\$111,735	\$122,980	\$128,889	99%
Nonfederal Loans	—	\$1,655	\$2,251	\$2,740	\$3,385	\$4,493	\$4,704	\$5,782	\$8,327	\$10,742	\$13,793	734%
Total Funds Used to Finance Postsecondary Expenses	\$64,794	\$69,643	\$74,586	\$79,506	\$87,286	\$93,866	\$97,291	\$106,346	\$120,062	\$133,722	\$142,682	120%

* Where programs have been in existence for less than 10 years, percent change is calculated based on the age of the program.

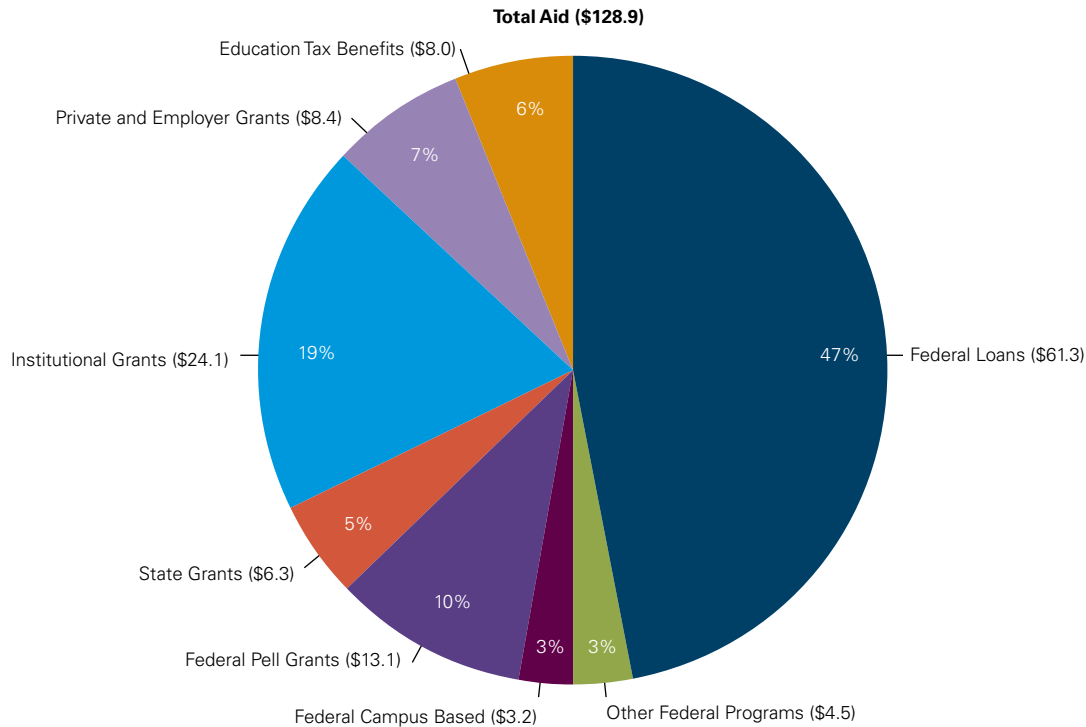
Note: Components may not sum exactly to totals due to rounding.

After adjusting the amounts of student aid reported in Table 1 for inflation, total aid to undergraduate and graduate students increased by almost 100 percent between 1994-95 and 2004-05. Grants to undergraduate and graduate students rose by 86 percent in constant dollars.

- Federal grant aid increased by \$8 billion dollars over the decade, while grants provided by colleges and universities to their students increased by \$11 billion in inflation-adjusted dollars.
- The federal government distributed \$90 billion in student aid in 2004-05. This aid included \$63 billion in loans, \$18 billion in grants, \$8 billion in tax credits and deductions, and \$1 billion in work-study assistance.
- In 1994-95, grants constituted 23 percent of federal aid, loans were 75 percent, and work-study 2 percent. A decade later, federal aid was composed of 20 percent grants, 70 percent loans, 1 percent work-study, and 9 percent federal tax credits and deductions for tuition and fees.
- State grant aid to college students rose by 78 percent in inflation-adjusted dollars between 1994-95 and 2004-05.

Total Student Aid by Type

Figure 2: Estimated Student Aid by Source for Academic Year 2004-05 in Current Dollars (in Billions)



Almost half of the student aid used by undergraduate and graduate students to finance postsecondary education is in the form of loans from the federal government, including subsidized and unsubsidized Stafford Loans to students, Perkins Loans to high-need students distributed through institutions, and Parent Loans to Undergraduate Students.

- Private student loans are not included in this graph. They are approximately equal in dollar value to Pell Grants.
- Grant aid provided by institutions to students who pay less than the published price for tuition and fees is the second largest component of student aid at 19 percent of the total.
- Federal education tax credits and deductions for tuition and fees paid now constitute 6 percent of the total student aid and 9 percent of the federal aid received by graduate and undergraduate students.
- Federal education loans paid directly to students make up 87 percent of all loans. These consist of 43 percent subsidized Stafford Loans, 41 percent unsubsidized Stafford Loans, and 3 percent Perkins and other loans. Parent Loans to Undergraduate Students constitute 13 percent of federal education loans.

Types of Grants and Loans

Figure 3: Growth of Federal, Institutional, Private/Employer, and State Grant Dollars in Constant (2004) Dollars, 1996-97 to 2004-05

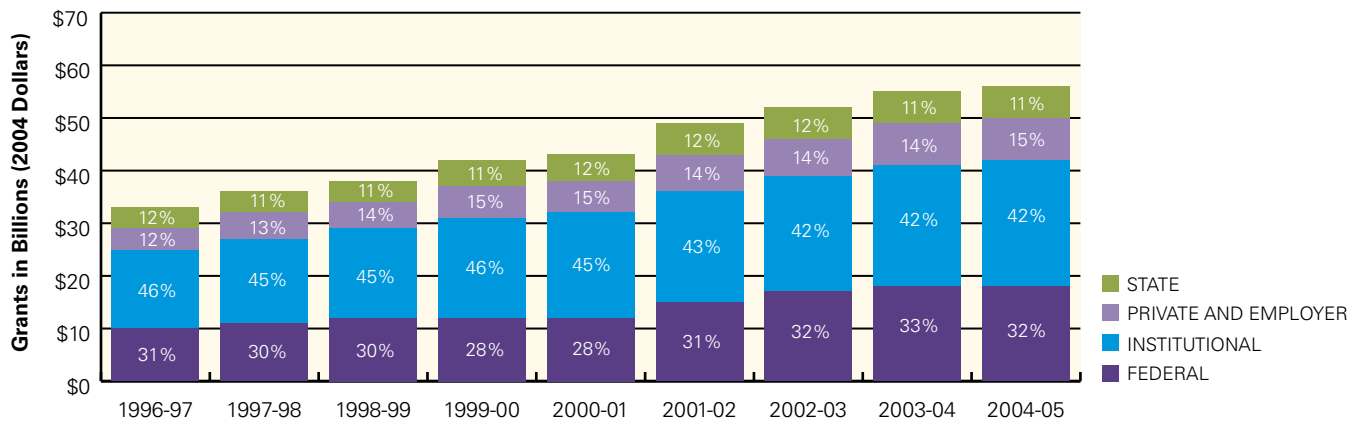
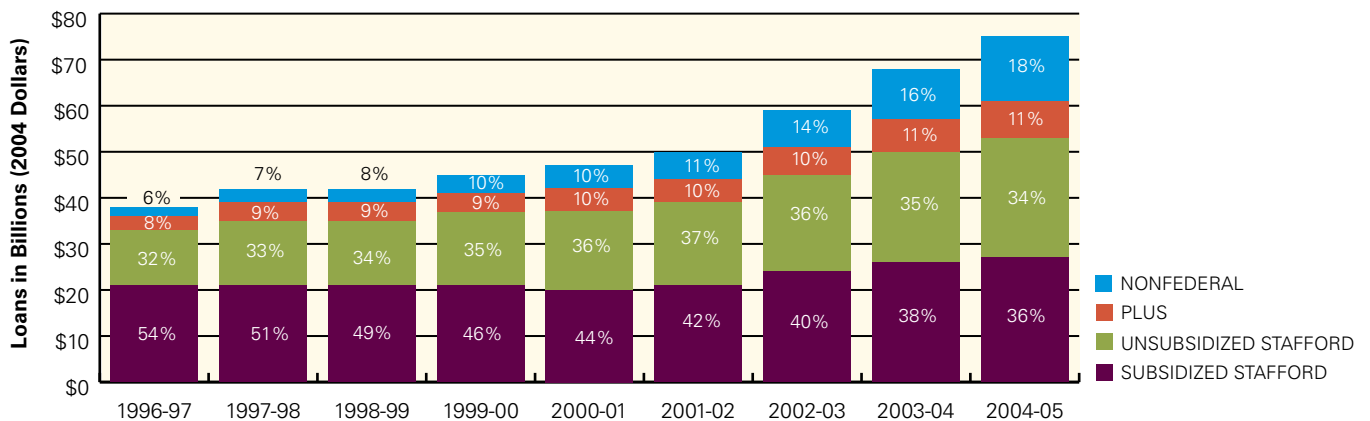


Figure 4: Growth of Stafford, PLUS, and Nonfederal Loan Dollars in Constant (2004) Dollars, 1996-97 to 2004-05



Note: Components may not sum to 100 percent due to rounding.

In 2004-05, grants were 32 percent federal, 42 percent from institutions, 15 percent from private sources and employers, and 11 percent state funded.

In 2004-05, loans were 36 percent subsidized Stafford, 34 percent unsubsidized Stafford, 11 percent Parent Loans to Undergraduate Students, and 18 percent from private and other nonfederal sources.

- Stafford subsidized loans declined from 54 to 36 percent and total Stafford Loans declined from 86 to 70 percent of the total from 1996-97 to 2004-05. Nonfederal loans increased from 6 percent of the total in 1996-97 to 18 percent in 2004-05.
- Stafford Loans and PLUS are delivered both through the Ford Direct and Federal Family Education Loan Programs. The Direct Loan program was introduced in 1994-95. The FDLP share of loans from the two programs combined was 30 percent in 1995-96, but had declined to 28 percent by 2000-01 and to 22 percent by 2004-05.
- Home equity loans used by families to finance higher education are not included in this report.
- Almost a quarter of undergraduate students report using credit cards for tuition and fees. (Nellie Mae, 2005)

Federal Aid Recipients and Average Awards

Table 3: Number of Recipients and Aid Per Recipient for Pell Grant, Campus-Based, and Education Tax Benefit Programs in Current and Constant (2004) Dollars, 1994-95 to 2004-05

	Academic Year											10-year*
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	
Pell Grants												
Recipients (000)	3,675	3,612	3,666	3,733	3,855	3,764	3,899	4,341	4,779	5,140	5,302	44%
Aid Per Recipient (Current)	\$1,502	\$1,515	\$1,577	\$1,696	\$1,876	\$1,915	\$2,040	\$2,298	\$2,436	\$2,473	\$2,469	
Aid Per Recipient (Constant)	\$1,914	\$1,880	\$1,902	\$2,010	\$2,188	\$2,171	\$2,234	\$2,472	\$2,564	\$2,547	\$2,469	29%
Federal SEOG												
Recipients (000)	1,057	1,083	1,191	1,116	1,163	1,170	1,174	1,295	1,355	1,390	1,278	21%
Aid Per Recipient (Current)	\$552	\$538	\$489	\$523	\$528	\$529	\$537	\$534	\$535	\$547	\$603	
Aid Per Recipient (Constant)	\$703	\$668	\$590	\$619	\$616	\$600	\$588	\$574	\$563	\$563	\$603	-14%
Federal Work-Study												
Recipients (000)	701	702	691	746	744	733	713	741	759	765	826	18%
Aid Per Recipient (Current)	\$1,081	\$1,087	\$1,123	\$1,215	\$1,228	\$1,252	\$1,318	\$1,394	\$1,446	\$1,447	\$1,446	
Aid Per Recipient (Constant)	\$1,377	\$1,349	\$1,355	\$1,440	\$1,432	\$1,419	\$1,443	\$1,499	\$1,522	\$1,491	\$1,446	5%
Federal Perkins												
Recipients (000)	663	688	674	679	669	655	639	661	729	756	673	1%
Aid Per Recipient (Current)	\$1,464	\$1,496	\$1,515	\$1,564	\$1,600	\$1,681	\$1,790	\$1,875	\$2,003	\$2,166	\$1,877	
Aid Per Recipient (Constant)	\$1,865	\$1,856	\$1,828	\$1,853	\$1,866	\$1,905	\$1,959	\$2,017	\$2,109	\$2,232	\$1,877	1%
Federal Education Tax Benefits												
Recipients (000)	—	—	—	—	4,653	6,437	6,815	7,282	10,002	10,962	N/A	136%
Aid Per Recipient (Current)	—	—	—	—	\$726	\$741	\$712	\$715	\$616	\$659	N/A	
Aid Per Recipient (Constant)	—	—	—	—	\$846	\$840	\$779	\$769	\$649	\$679	N/A	-20%

* Where programs have been in existence for less than 10 years, percent change is calculated based on the age of the program.

Note: Education tax credit amounts equal the dollar value of the credits; tax deduction amounts are estimated tax savings from deductions claimed. IRS data for 2004-05 are not yet available.

5.3 million students received Pell Grants for undergraduate study in 2004-05. The number of tax filers who benefited from tax credits and deductions for postsecondary education was about 11 million.

- The average Pell Grant per recipient increased from \$1,914 to \$2,469 in inflation-adjusted 2004 dollars over the decade from 1994-95 to 2004-05, but declined by 1 percent in 2003-04 and by 3 percent in 2004-05.
- The average Supplemental Education Opportunity Grant (SEOG) declined from \$703 to \$603 in constant 2004 dollars over the decade, but increased by \$40 in 2004-05. In 2003, institutional matching funds (not included in the amounts reported here) provided 21 percent of the SEOG dollars awarded.
- The average Federal Work-Study award increased from \$1,377 to \$1,446 in constant 2004 dollars over the decade, but declined in 2003-04 and 2004-05.
- The average Perkins Loan rose from \$1,865 to \$1,877 in constant 2004 dollars over the decade, but declined in 2004-05.
- The average benefit for tax filers claiming education tax credits or deductions in 2003 was \$679 in 2004 dollars.

Undergraduate and Graduate Borrowers

Table 4: Number of Borrowers, Number of Loans, Total Dollars (in Millions), and Average Loan Amount for Federal Loan Programs in Current and Constant (2004) Dollars, 1994-95 to 2004-05

Undergraduate Students Academic Year												
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	10-year
												Estimated
												% Change
Stafford Subsidized												
# Borrowers (000)	3,515	3,609	3,841	3,933	3,880	3,931	3,988	4,242	4,683	5,239	5,546	
# Loans (000)	3,892	3,967	4,237	4,338	4,264	4,293	4,367	4,675	5,166	5,785	6,113	57%
Total \$ Amount (Current)	\$11,240	\$11,614	\$12,531	\$12,864	\$12,603	\$12,885	\$13,059	\$13,789	\$15,510	\$17,584	\$18,764	
Avg. Loan (Current)	\$2,888	\$2,928	\$2,957	\$2,965	\$2,956	\$3,002	\$2,990	\$2,950	\$3,002	\$3,039	\$3,070	
Avg. Loan (Constant)	\$3,681	\$3,633	\$3,567	\$3,515	\$3,446	\$3,402	\$3,274	\$3,173	\$3,160	\$3,131	\$3,070	-17%
Stafford Unsubsidized												
# Borrowers (000)	1,469	1,689	1,941	2,135	2,186	2,423	2,606	2,899	3,225	3,640	3,927	
# Loans (000)	1,632	1,879	2,176	2,396	2,447	2,677	2,883	3,233	3,613	4,097	4,415	171%
Total \$ Amount (Current)	\$4,425	\$5,227	\$6,190	\$6,997	\$7,207	\$8,259	\$9,046	\$10,141	\$11,592	\$13,419	\$14,770	
Avg. Loan (Current)	\$2,712	\$2,782	\$2,844	\$2,920	\$2,945	\$3,085	\$3,137	\$3,137	\$3,208	\$3,275	\$3,346	
Avg. Loan (Constant)	\$3,456	\$3,452	\$3,431	\$3,461	\$3,434	\$3,497	\$3,435	\$3,374	\$3,377	\$3,374	\$3,346	-3%
PLUS												
# Borrowers (000)	327	380	412	450	477	509	530	557	615	738	810	
# Loans (000)	348	402	437	479	509	543	566	599	666	803	888	155%
Total \$ Amount (Current)	\$1,822	\$2,322	\$2,653	\$3,050	\$3,321	\$3,750	\$4,147	\$4,601	\$5,463	\$7,105	\$8,361	
Avg. Loan (Current)	\$5,230	\$5,770	\$6,068	\$6,363	\$6,528	\$6,906	\$7,321	\$7,682	\$8,198	\$8,843	\$9,416	
Avg. Loan (Constant)	\$6,666	\$7,158	\$7,320	\$7,541	\$7,611	\$7,827	\$8,015	\$8,264	\$8,630	\$9,109	\$9,416	41%

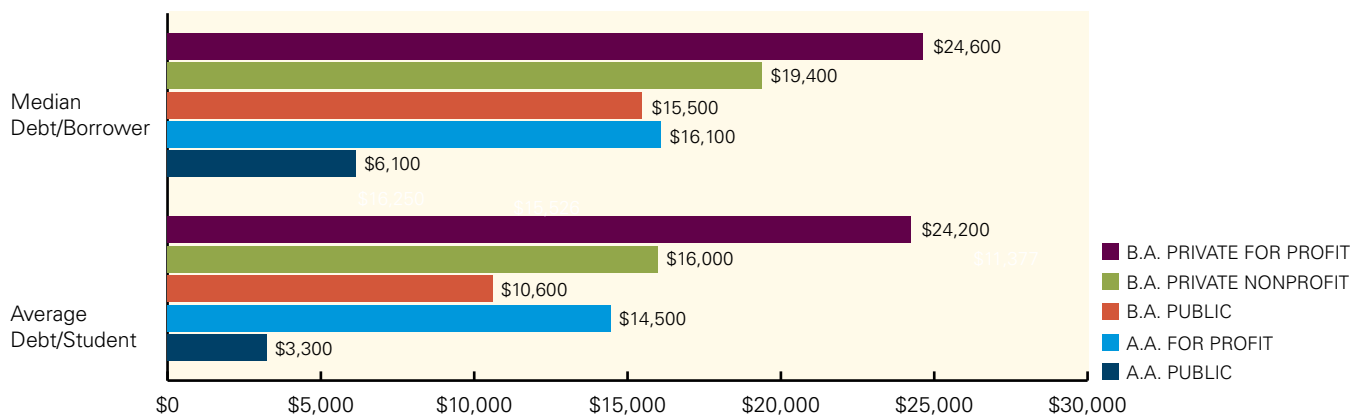
Graduate Students Academic Year												
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	10-year
												Estimated
												% Change
Stafford Subsidized												
# Borrowers (000)	537	665	698	686	681	717	724	772	874	989	1,055	
# Loans (000)	662	752	796	783	773	802	819	902	1,028	1,163	1,239	87%
Total \$ Amount (Current)	\$4,258	\$4,767	\$5,093	\$5,129	\$5,095	\$5,352	\$5,442	\$5,933	\$6,832	\$7,790	\$8,417	
Avg. Loan (Current)	\$6,429	\$6,337	\$6,402	\$6,550	\$6,590	\$6,674	\$6,649	\$6,580	\$6,645	\$6,700	\$6,793	
Avg. Loan (Constant)	\$8,194	\$7,863	\$7,722	\$7,763	\$7,684	\$7,565	\$7,279	\$7,079	\$6,994	\$6,902	\$6,793	-17%
Stafford Unsubsidized												
# Borrowers (000)	394	472	525	540	550	616	628	685	794	916	991	
# Loans (000)	455	547	627	648	659	722	745	847	992	1,147	1,242	173%
Total \$ Amount (Current)	\$2,857	\$3,446	\$4,130	\$4,609	\$4,962	\$5,768	\$6,146	\$6,939	\$8,378	\$9,800	\$10,912	
Avg. Loan (Current)	\$6,275	\$6,298	\$6,591	\$7,107	\$7,535	\$7,990	\$8,245	\$8,192	\$8,448	\$8,543	\$8,785	
Avg. Loan (Constant)	\$7,997	\$7,814	\$7,950	\$8,424	\$8,786	\$9,056	\$9,027	\$8,813	\$8,892	\$8,800	\$8,785	10%

The increase in Stafford Loan volume over the decade resulted from a doubling of the number of loans issued. The average dollar value of individual Stafford loans declined in inflation-adjusted dollars over the decade from 1994-95 to 2004-05.

- Graduate student borrowing under the Stafford Loan program is growing more rapidly than undergraduate student borrowing. The undergraduate share of Stafford dollars declined from 69 percent in 1994-95 to 63 percent in 2004-05.
- The volume of borrowing under the Parent Loan for Undergraduate Student (PLUS) program equaled 8 percent of Stafford borrowing in 1994-95 and 16 percent of Stafford borrowing in 2004-05.

Student Debt Levels

Figure 5: Debt Levels of Undergraduate Degree Recipients by Degree and Institution Type, 2003-04



Note: Debt levels include federal and nonfederal student loans. Parent loans and credit card debt are not included.

Sources: National Center for Education Statistics (NCES), National Postsecondary Student Aid Study (NPSAS), 2004 undergraduates, Data Analysis System (DAS); calculations by the authors.

The typical student who borrows to finance a bachelor’s degree at a public college or university graduates with \$15,500 of debt. The median debt level of B.A. recipients at private nonprofit four-year institutions is \$19,400 and in the for-profit four-year sector, median debt is \$24,600.

- Median debt levels of borrowers are the most commonly cited student debt levels. They provide the best representation of the circumstances of typical students borrowing to finance postsecondary education.
- Average debt per student is a function not only of how much individual students borrow, but also of the percentage of students who incur education debt. If a small number of students borrowed, but those students had high levels of debt, median debt per borrower would be higher than average debt per student.
- The median debt of borrowers earning bachelor’s degrees from public four-year colleges and universities is similar to the median debt of borrowers earning associate degrees from for-profit institutions. Because 90 percent of students graduating from for-profit institutions with associate degrees borrow, compared to 62 percent of public bachelor’s degree recipients, average debt per student is over \$14,000 for for-profit A.A. students but under \$11,000 for public B.A. students.

Percentage of 2003-04 Degree Recipients Graduating with Debt	
	Percent with Debt
B.A. For Profit	88%
B.A. Private Nonprofit	73%
B.A. Public	62%
A.A. For Profit	90%
A.A. Public	35%

Source: NPSAS: 2003-04.

Also important:

- Between 1995-96 and 2003-04, federal debt levels increased only for students from families with incomes above \$70,000. (American Council on Education, 2005)
- Because there has been no increase in Stafford Loan limits, increased debt is reflected in reliance on private loans rather than in federal loan amounts.

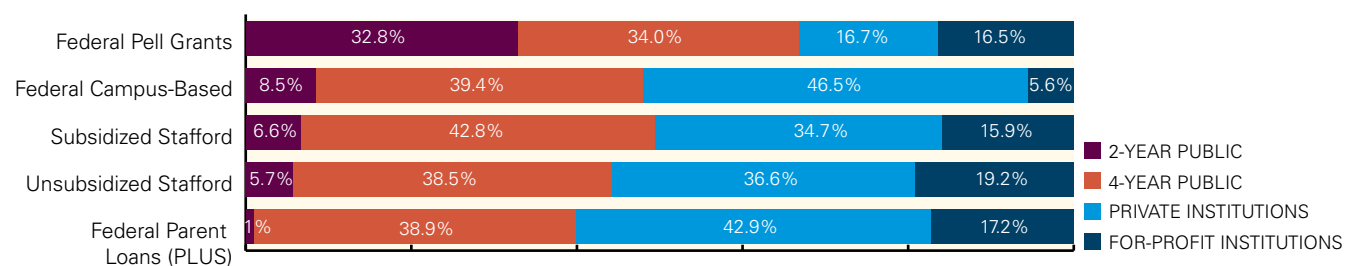
Distribution of Federal Aid by Type of Institution

Table 5: Percentage Distribution of Federal Aid Programs by Type of Institution, 1993-94 to 2003-04

	Academic Year											10-Year Change
	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	
Pell Grant												
2-Year Public Institutions	30.0%	32.7%	32.7%	33.0%	32.8%	32.4%	33.4%	33.7%	35.0%	34.7%	32.8%	2.8
4-Year Public Institutions	35.9%	35.1%	36.0%	36.0%	36.4%	36.4%	34.8%	34.4%	33.0%	33.0%	34.0%	-1.8
Private Institutions	18.8%	19.0%	18.8%	18.5%	18.6%	18.6%	18.6%	18.3%	17.9%	16.9%	16.7%	-2.1
For-Profit Institutions	15.3%	13.2%	12.5%	12.5%	12.2%	12.5%	13.1%	13.6%	14.2%	15.4%	16.5%	1.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Campus-Based Programs												
2-Year Public Institutions	9.6%	9.7%	9.6%	9.8%	9.9%	9.9%	9.8%	9.8%	9.8%	9.0%	8.5%	-1.1
4-Year Public Institutions	40.0%	40.4%	40.9%	41.1%	40.7%	40.5%	40.3%	40.1%	39.4%	40.1%	39.4%	-0.6
Private Institutions	45.3%	45.5%	45.6%	45.1%	45.5%	45.5%	45.7%	45.9%	46.0%	45.7%	46.5%	1.2
For-Profit Institutions	5.1%	4.4%	4.0%	4.1%	3.9%	4.0%	4.2%	4.2%	4.8%	5.3%	5.6%	0.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Stafford Sub. Loans												
2-Year Public Institutions	6.1%	5.9%	5.8%	5.8%	5.8%	5.7%	5.5%	5.4%	5.7%	6.3%	6.6%	0.5
4-Year Public Institutions	45.9%	46.5%	47.5%	48.0%	48.0%	47.2%	45.6%	44.7%	43.6%	43.5%	42.8%	-3.1
Private Institutions	38.4%	38.9%	38.4%	37.8%	37.7%	37.6%	37.9%	38.2%	37.6%	35.8%	34.7%	-3.7
For-Profit Institutions	9.5%	8.8%	8.2%	8.4%	8.5%	9.6%	10.4%	11.8%	13.1%	14.4%	15.9%	6.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Stafford Unsub. Loans												
2-Year Public Institutions	4.3%	4.9%	5.1%	5.0%	5.0%	4.7%	4.4%	4.4%	4.7%	5.3%	5.7%	1.4
4-Year Public Institutions	36.1%	39.2%	41.5%	42.3%	42.2%	41.5%	41.2%	40.7%	40.2%	39.7%	38.5%	2.4
Private Institutions	45.7%	43.0%	41.7%	41.2%	41.5%	41.5%	40.6%	40.8%	39.7%	37.9%	36.6%	-9.1
For-Profit Institutions	13.9%	12.9%	11.7%	11.5%	11.3%	12.4%	12.9%	14.1%	15.4%	17.1%	19.2%	5.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
PLUS Loans												
2-Year Public Institutions	1.6%	1.2%	1.2%	1.1%	1.1%	1.1%	.9%	1.0%	1.0%	1.0%	1.0%	-0.6
4-Year Public Institutions	33.3%	35.2%	36.9%	37.5%	38.3%	38.7%	37.3%	35.9%	36.8%	38.1%	38.9%	5.6
Private Institutions	47.9%	50.3%	49.3%	48.9%	48.2%	46.3%	45.9%	46.2%	44.4%	43.5%	42.9%	-5.0
For-Profit Institutions	17.3%	13.4%	12.6%	12.5%	12.5%	14.0%	15.9%	16.9%	17.8%	17.4%	17.2%	-0.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Note: Components may not sum exactly to totals due to rounding.

Figure 5a: Percentage Distribution of Federal Aid Programs, 2004-05



The proportion of federal aid dollars received by public two-year college students is significantly lower than their share of enrollments in all programs other than Pell. In all federal programs other than campus based, students in for-profit institutions receive significantly higher shares of the funds than their share of enrollments.

Institution Type	Percent of Undergraduate Students
2-Year Public	44%
4-Year Public	36%
4-Year Private	16%
For Profit	4%

Source: NCES, 2005.

Total Funding: Grants, Loans, Work-Study, Tax Benefits

Table 6: Grant, Loan, Work-Study, and Education Tax Benefit Funding in Constant (2004) Dollars (in Millions) and As a Percentage of Total Aid, 1994-95 to 2004-05

All Students (Constant 2004 Dollars)												
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	% Change*
Grants	\$30,679	\$31,386	\$32,911	\$35,479	\$38,815	\$40,726	\$43,440	\$47,854	\$52,133	\$55,203	\$57,044	86%
Loans	\$33,150	\$37,309	\$40,739	\$42,953	\$43,468	\$46,691	\$47,512	\$51,782	\$60,285	\$69,934	\$76,407	130%
Work	\$965	\$948	\$936	\$1,074	\$1,065	\$1,040	\$1,028	\$1,110	\$1,155	\$1,140	\$1,194	24%
Ed. Tax Benefits	—	—	—	—	\$3,938	\$5,409	\$5,311	\$5,599	\$6,489	\$7,445	\$8,037	76%
Total	\$64,794	\$69,643	\$74,586	\$79,506	\$87,286	\$93,866	\$97,291	\$106,346	\$120,062	\$133,722	\$142,682	120%

All Students (Percentage)												
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	
Grants	47%	45%	44%	45%	44%	43%	45%	45%	43%	41%	40%	
Loans	51%	54%	55%	54%	50%	50%	49%	49%	50%	52%	54%	
Work	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	
Ed. Tax Benefits	—	—	—	—	5%	6%	5%	5%	5%	6%	6%	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Undergraduate Students (Percentage)												
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	
Grants	52%	50%	49%	49%	48%	47%	49%	50%	49%	47%	46%	
Loans	47%	49%	50%	49%	45%	45%	43%	43%	43%	45%	46%	
Work	2%	2%	1%	2%	1%	1%	1%	1%	1%	1%	1%	
Ed. Tax Benefits	—	—	—	—	6%	7%	7%	6%	7%	7%	7%	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Graduate Students (Percentage)												
	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	
Grants	32%	29%	30%	31%	33%	33%	32%	29%	27%	23%	22%	
Loans	67%	70%	70%	69%	65%	65%	66%	68%	71%	75%	76%	
Work	1%	1%	<1%	1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	
Ed. Tax Benefits	—	—	—	—	1%	2%	2%	2%	2%	2%	2%	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

*Where programs have been in existence for less than 10 years, percent change is calculated based on the age of the program.

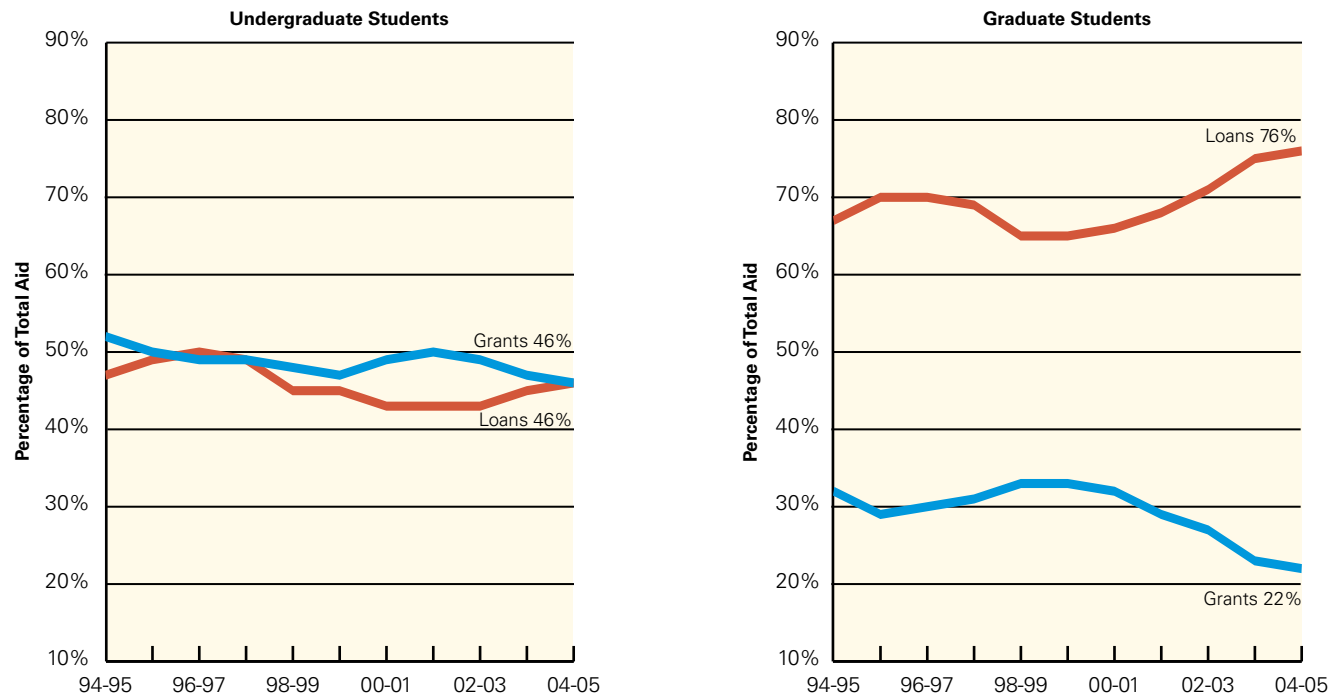
Note: Figures for 2004-05 are estimated. Nonfederal Loans are included in these figures. Components may not sum exactly to totals due to rounding.

In 2004-05, students received \$57 billion in grant aid and borrowed \$76 billion. Forty-six percent of undergraduate funds and 22 percent of graduate funds were in the form of grants.

- The 137 percent increase from 1994-95 to 2004-05 in grant dollars received by all postsecondary students constituted an 86 percent increase in inflation-adjusted dollars.
- Eighty-six percent of all grant aid goes to undergraduate students.
- Sixty-five percent of education borrowing is for undergraduate study and 35 percent of the loan funds are used by the 12 percent of students who are in graduate and professional schools.
- Forty-seven percent of undergraduate funding was in the form of loans in 1994-95. After declining to 43 percent in 2000-01, that proportion returned to 46 percent in 2004-05.

Total Funding: Grants and Loans for Undergraduate and Graduate Students

Figure 6: Grants Versus Loans, Percent Share of Total Aid, 1994-95 to 2004-05



Note: Work-study and federal education tax benefits are not shown here.

Grants and loans play very different roles in the financing patterns of undergraduate and graduate students.

- For undergraduates, grants and tax benefits exceed total amounts borrowed, including both federal and private loan sources.
- Graduate students borrow more than three times as much as they receive in grant aid and tax benefits combined.
- Between 2001-02 and 2004-05, the percentage of undergraduate funding in the form of grants decreased from 50 to 46 percent. The percentage in the form of loans increased from 43 to 46 percent.
- Between 2001-02 and 2004-05, the percentage of graduate student funding in the form of grants decreased from 29 to 22 percent. The percentage in the form of loans increased from 68 to 76 percent.

Total Student Aid Per Full-Time Equivalent Student

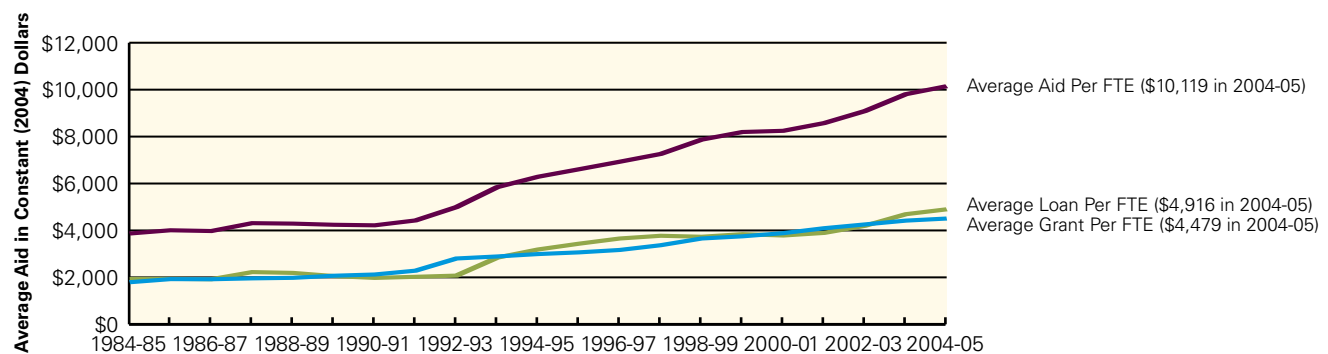
Table 7a: Total Aid, Grant Aid, Loan Aid, and Education Tax Benefits Per Full-Time Equivalent (FTE) Student in Constant (2004) Dollars, Five-Year Intervals, 1984-85 to 2004-05

	FTE	Total Aid (millions)	Avg. Aid Per FTE	Grant Aid (millions)	Grant Aid Per FTE	Loans (millions)	Loans Per FTE	Education Tax Benefits	Education Tax Benefits Per FTE
1984-85	8,951,695	\$34,377	\$3,840	\$15,787	\$1,764	\$17,421	\$1,946	—	—
1989-90	9,780,881	\$41,212	\$4,213	\$19,959	\$2,041	\$20,251	\$2,070	—	—
1994-95	10,348,072	\$64,794	\$6,261	\$30,679	\$2,965	\$33,150	\$3,204	—	—
1999-00	10,943,609	\$89,373	\$8,167	\$40,726	\$3,721	\$42,198	\$3,856	\$5,409	\$494
2004-05	12,737,000	\$128,889	\$10,119	\$57,044	\$4,479	\$62,614	\$4,916	\$8,037	\$631

Table 7b: Total Aid, Grant Aid, Loan Aid, and Education Tax Benefits Per Full-Time Equivalent (FTE) Student in Constant (2004) Dollars, 1994-95 to 2004-05

	FTE	Total Aid (millions)	Avg. Aid Per FTE	Grant Aid (millions)	Grant Aid Per FTE	Loans (millions)	Loans Per FTE	Education Tax Benefits	Education Tax Benefits Per FTE
1994-95	10,348,072	\$64,794	\$6,261	\$30,679	\$2,965	\$33,150	\$3,204	—	—
1995-96	10,334,956	\$67,989	\$6,579	\$31,386	\$3,037	\$35,655	\$3,450	—	—
1996-97	10,481,886	\$72,335	\$6,901	\$32,911	\$3,140	\$38,488	\$3,672	—	—
1997-98	10,615,028	\$76,766	\$7,232	\$35,479	\$3,342	\$40,213	\$3,788	—	—
1998-99	10,698,775	\$83,900	\$7,842	\$38,815	\$3,628	\$40,082	\$3,746	\$3,938	\$368
1999-00	10,943,609	\$89,373	\$8,167	\$40,726	\$3,721	\$42,198	\$3,856	\$5,409	\$494
2000-01	11,267,025	\$92,587	\$8,218	\$43,440	\$3,856	\$42,808	\$3,799	\$5,311	\$471
2001-02	11,766,000	\$100,564	\$8,547	\$47,854	\$4,067	\$46,000	\$3,910	\$5,599	\$476
2002-03	12,331,000	\$111,735	\$9,061	\$52,133	\$4,228	\$51,958	\$4,214	\$6,489	\$526
2003-04	12,576,000	\$122,980	\$9,779	\$55,203	\$4,390	\$59,192	\$4,707	\$7,445	\$592
2004-05	12,737,000	\$128,889	\$10,119	\$57,044	\$4,479	\$62,614	\$4,916	\$8,037	\$631

Figure 7: Average Aid Per Full-Time Equivalent Student, 1984-85 to 2004-05



Note: These data are based on undergraduate and graduate students. Nonfederal loans are not included here.

In 2004-05, total grant aid per FTE student averaged \$4,479; federal loans averaged \$4,916 per student.

- For undergraduates alone, total grant aid averaged \$4,399 per FTE student in 2004-05 and federal loan aid averaged \$3,980. (These figures are not shown in Table 7.)
- Grant aid per student increased by 68 percent in inflation-adjusted dollars between 1984-85 and 1994-95 and by 51 percent from 1994-95 to 2004-05.

Pell Grants

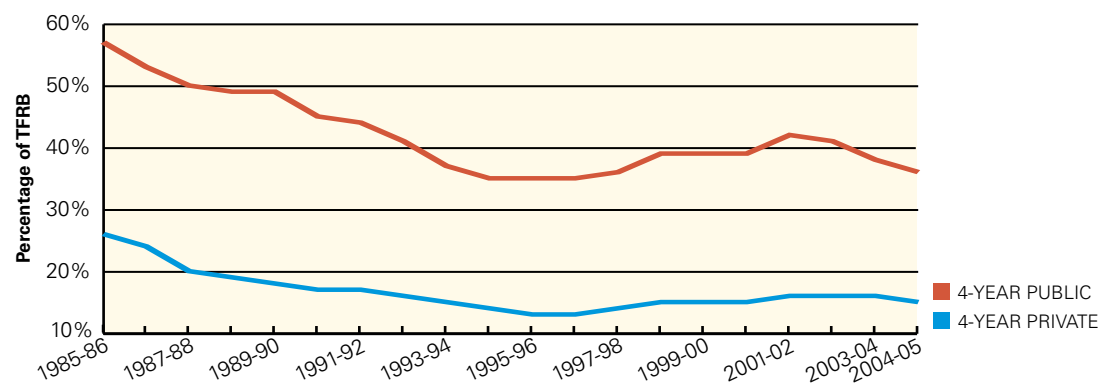
Table 8a: Federal Pell Grant Awards in Current and Constant (2004) Dollars, Five-Year Intervals, 1975-76 to 2004-05

	Expenditures (in millions)		Authorized Maximum Awards		Actual Maximum Awards		Actual Minimum Awards		Percent Cap on Costs	Number of Recipients (in thousands)	Percent of Recipients Independent
	Current	Constant	Current	Constant	Current	Constant	Current	Constant			
1975-76	\$926	\$3,276	\$1,400	\$4,952	\$1,400	\$4,952	\$200	\$707	50	1,217	29.8%
1980-81	\$2,387	\$5,572	\$1,800	\$4,202	\$1,750	\$4,085	\$150	\$350	50	2,708	40.6%
1985-86	\$3,597	\$6,320	\$2,600	\$4,568	\$2,100	\$3,689	\$200	\$351	60	2,813	50.4%
1990-91	\$4,935	\$7,174	\$2,900	\$4,216	\$2,300	\$3,343	\$100	\$145	60	3,405	61.1%
1995-96	\$5,472	\$6,773	\$4,100	\$5,075	\$2,340	\$2,897	\$400	\$495	-	3,612	58.5%
2000-01	\$7,956	\$8,731	\$4,800	\$5,267	\$3,300	\$3,621	\$400	\$439	-	3,899	56.2%
2004-05	\$13,090	\$13,090	\$5,800	\$5,800	\$4,050	\$4,050	\$400	\$400	-	5,302	58.4%

Table 8b: Federal Pell Grant Awards in Current and Constant (2004) Dollars, 1995-96 to 2004-05

	Expenditures (in millions)		Authorized Maximum Awards		Actual Maximum Awards		Actual Minimum Awards		Percent Cap on Costs	Number of Recipients (in thousands)	Percent of Recipients Independent
	Current	Constant	Current	Constant	Current	Constant	Current	Constant			
1995-96	\$5,472	\$6,773	\$4,100	\$5,075	\$2,340	\$2,897	\$400	\$495	-	3,612	58.5%
1996-97	\$5,780	\$6,959	\$4,300	\$5,177	\$2,470	\$2,974	\$400	\$482	-	3,666	57.6%
1997-98	\$6,331	\$7,428	\$4,500	\$5,280	\$2,700	\$3,168	\$400	\$469	-	3,733	56.6%
1998-99	\$7,233	\$8,351	\$4,500	\$5,195	\$3,000	\$3,464	\$400	\$462	-	3,855	55.3%
1999-00	\$7,208	\$8,176	\$4,500	\$5,104	\$3,125	\$3,544	\$400	\$454	-	3,764	55.5%
2000-01	\$7,956	\$8,731	\$4,800	\$5,267	\$3,300	\$3,621	\$400	\$439	-	3,899	56.2%
2001-02	\$9,975	\$10,612	\$5,100	\$5,425	\$3,750	\$3,989	\$400	\$426	-	4,341	57.1%
2002-03	\$11,642	\$12,197	\$5,400	\$5,657	\$4,000	\$4,191	\$400	\$419	-	4,779	57.5%
2003-04	\$12,708	\$13,011	\$5,800	\$5,939	\$4,050	\$4,147	\$400	\$410	-	5,140	57.8%
2004-05	\$13,090	\$13,090	\$5,800	\$5,800	\$4,050	\$4,050	\$400	\$400	-	5,302	58.4%

Figure 8: Maximum Pell Grant As a Percentage of Published Tuition, Fee, Room and Board Charges at Public and Private Four-Year Colleges and Universities, 1985-86 to 2004-05



The proportion of the average published price of tuition, fees, room and board at a public four-year college or university that could be met by a Pell Grant declined from 42 percent in 2001-02 to 36 percent in 2004-05.

- The maximum Pell Grant award, which remains \$4,050 in 2005-06, increased 38 percent in inflation-adjusted dollars over the decade from 1994-95 to 2004-05, but has declined in constant dollars in each year since 2002-03.
- Fifty-eight percent of Pell Grant recipients are independent students and 42 percent are dependent on their parents.

Also important:

Sixty-two percent of dependent undergraduate students from families with incomes below \$32,000 received federal grants in 2003-04. Fourteen percent of those from families with incomes between \$32,000 and \$92,000 and 1 percent of those from families with incomes exceeding \$92,000 received federal grants. (NCES, 2005, *Undergraduate Financial Aid Estimates for 2003-04 by Type of Institution*, NCES 2005-163, Table 2)

Pell Grants

Figure 9: Number of Pell Grant Recipients, 1984-85 to 2004-05

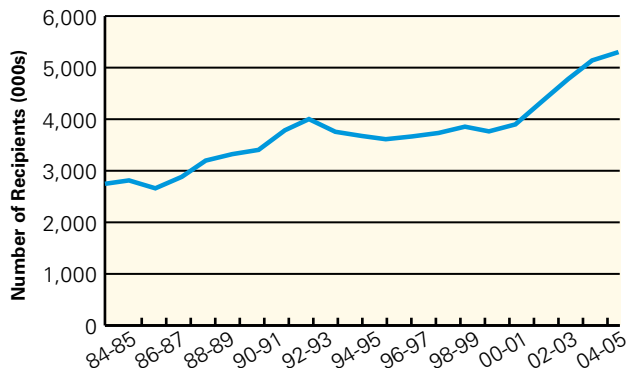
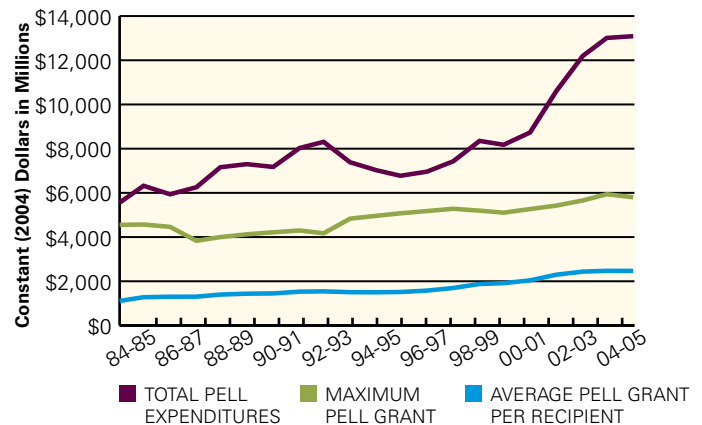


Figure 10: Total Pell Expenditures, Maximum Pell Grant, and Average Pell Grant in Constant (2004) Dollars, 1984-85 to 2004-05



Sources: Table 2, Table 3, and Tables 8a and 8b.

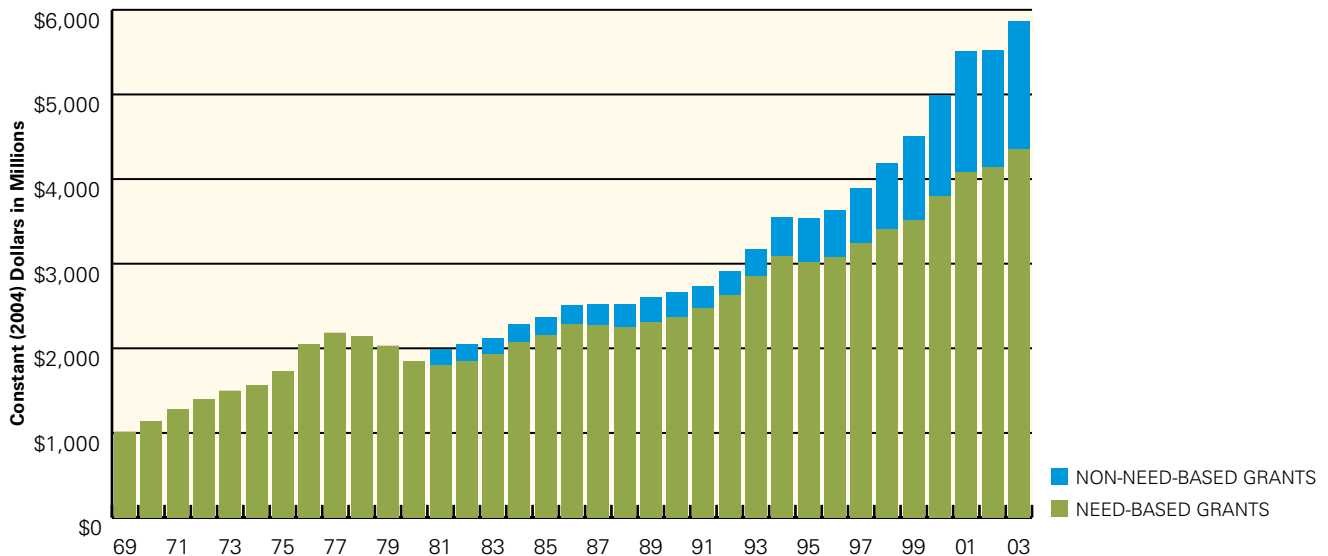
Total Pell Grant expenditures rose by 50 percent between 2000-01 and 2004-05, as the number of Pell Grant recipients grew by 36 percent.

- The number of students receiving Pell Grants was about 1.4 million higher in 2004-05 than in 2000-01. The total number of undergraduates grew by about 1.5 million over this four-year period. (NCES, *Projections of Education Statistics to 2014*, NCES 2005-074)
- The percentage of undergraduate students receiving Pell Grants rose from 23 percent in 1999-00 to 27 percent in 2003-04.¹
- The percentage of students receiving Pell Grants increased from 17 to 23 percent in two-year public colleges, from 24 to 26 percent in four-year public colleges, and from 24 to 27 percent in private four-year colleges between 1999-2000 and 2003-04.
- The proportion of students receiving Pell Grants increased among both full-time and part-time students, among both dependent and independent students, and among all racial/ethnic groups with the exception of Asian Americans.
- Several of the groups of students with higher than average Pell reciprocity rates increased their shares of total undergraduate enrollment in the early years of the decade. These include students in for-profit institutions, 51 percent of whom received Pell Grants; full-time students, 32 percent of whom received Pell Grants; women, 30 percent of whom received Pell Grants; and black and Hispanic students, 47 and 37 percent of whom received Pell Grants, respectively.
- Increases in the Pell Grant maximum, from \$3,300 in 2000-01 to \$3,750 in 2001-02 and \$4,000 in 2002-03, contributed to increases in the number of recipients in those years.
- Stagnant incomes for families also contributed to increased Pell eligibility. Median family incomes for families with heads aged 45 to 54 (most likely to have college-age children) rose by only 3.4 percent between 2000 and 2003, constituting a 3.2 percent decline in 2003 dollars. Median family income declined even more for black and Hispanic families. (U.S. Census Bureau, Historical Income Tables, Table F-11)

1. Data on patterns of Pell Grant reciprocity are based on the 2003-04 National Postsecondary Student Aid Study and calculations by the authors. Proportions cited here may differ from calculations based on other data sources that report on different populations.

State Grants to Undergraduate Students

Figure 11: Total Need-Based and Non-Need-Based State Grants in Constant (2004) Dollars, 1969-70 to 2003-04



Note: Students must meet some standard of financial need to be eligible for need-based grants. Non-need-based grants do not have this requirement. These data are based on undergraduate state grants, excluding Puerto Rico.

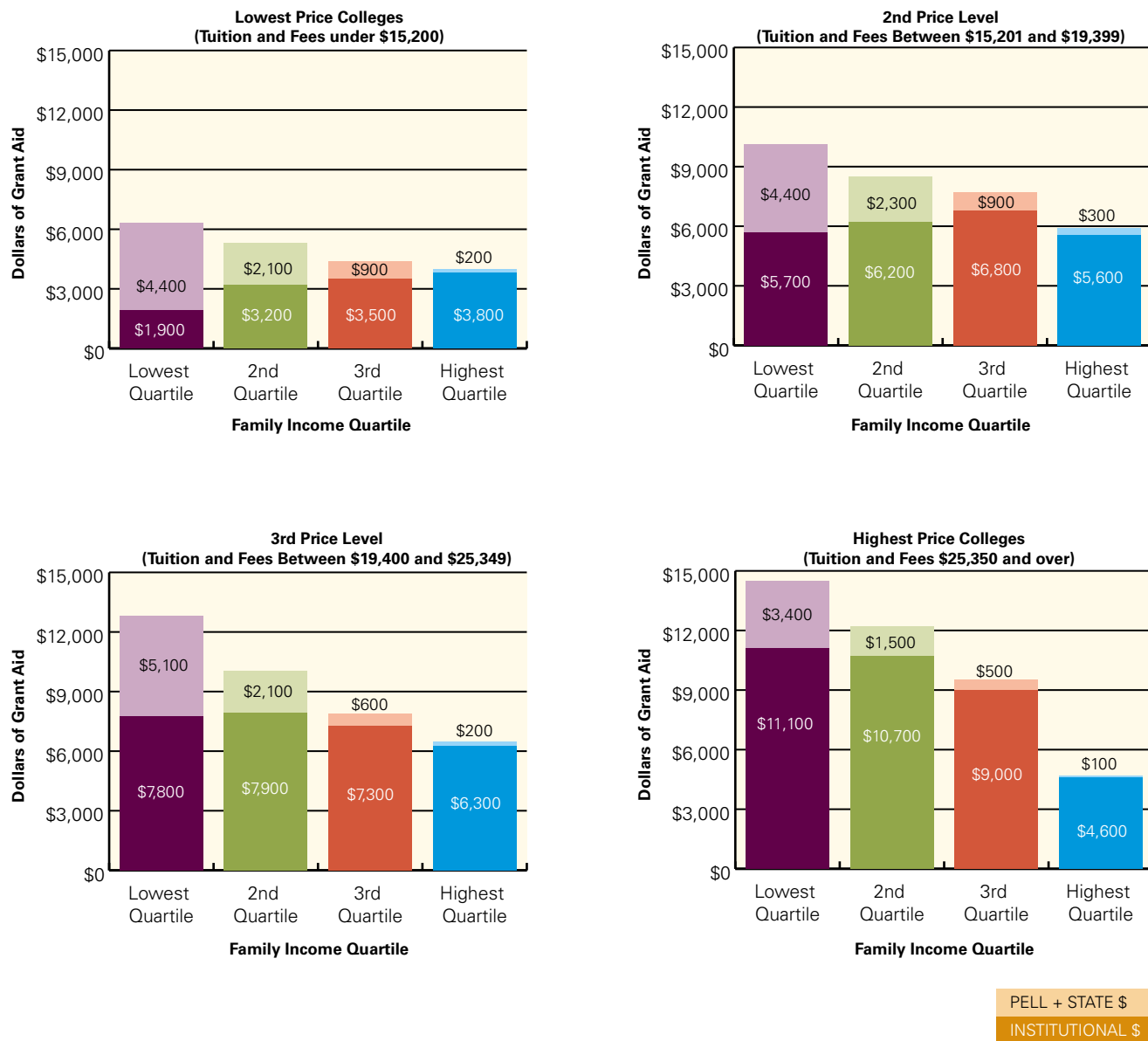
Source: Based on annual survey of National Association of State Student Grant and Aid Programs (NASSGAP).

The proportion of state grants not based on financial need increased from 9 percent in 1983-84 to 10 percent in 1993-94 and 26 percent in 2003-04. Nonetheless, need-based state grant aid grew by 53 percent in inflation-adjusted dollars between 1993-94 and 2003-04.

- States awarded an average of \$500 in grant aid per full-time equivalent student in 2003-04.
- There is considerable variation among the states in student grant policies. Alaska and South Dakota have no state grants for students. Georgia awarded an average of \$1,506 per student and South Carolina awarded an average of \$1,501 per student in 2003-04, almost exclusively in the form of non-need-based grants.
- New York awards 20 percent of all of the need-based state grant aid to undergraduates in the United States; California awards 15 percent, Pennsylvania 9 percent, and Illinois 8 percent.
- Grants based only on need represent over 95 percent of state grant aid in Arizona, Hawaii, Illinois, New York, Oregon, Pennsylvania, Tennessee, Vermont, Wisconsin, and Wyoming.
- In 29 states all grant aid is based at least partially on financial need. (NASSGAP, 2005)

Institutional Grants: Private Colleges and Universities

Figure 12a: Average Institutional Grant and Average Pell Plus State Grant Per Full-Time Dependent Student at Private Four-Year Colleges by Family Income Level and Price Level, 2003-04



Note: Based on full-time full-year dependent students attending only one institution in 2003-04. Family income quartiles: Lowest quartile = less than \$32,375; 2nd quartile = \$32,375–\$59,443; 3rd quartile = \$59,444–\$91,754; highest quartile = \$91,754 or higher.

Source: David Mundel, unpublished reports, 2005; based on NPSAS: 2003-04.

The bottom segment of each bar shows the average dollars per student in institutional grant aid, averaged across all full-time dependent undergraduates in the sector. The upper segment shows Pell Grant plus state grant per student.

Institutional Grants: Private Colleges and Universities

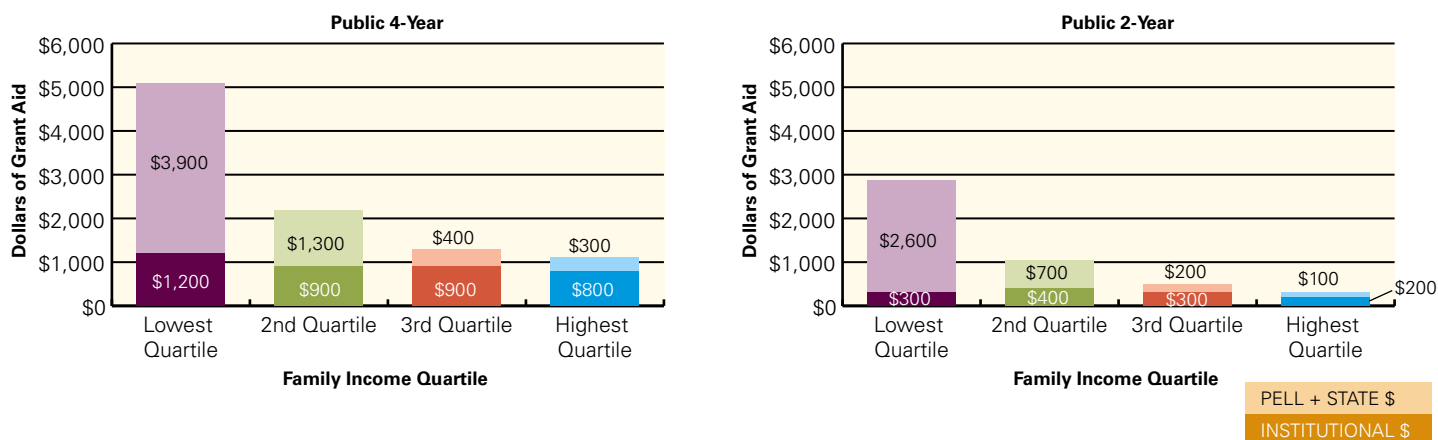
Institutional grant aid is highest for low-income students and lowest for high-income students at four-year colleges and universities with high published prices. This is not the pattern at lower-priced private institutions, which generally have larger shares of lower-income students enrolled.

- The four groups of private colleges and universities described in the graphs are divided based on their published tuition and fee levels. Each of the four price bands includes approximately 25 percent of all full-time dependent students.
- The discount rate for students from the lowest family income quartile averages 39 percent at institutions in the highest price group and 36 percent in the second highest group. Students at these income levels receive grants equal to 22 to 23 percent of tuition and fees from institutions in the lower half of the private college price range.
- For students from the highest family income quartile, the largest discounts are at lower-priced institutions. They receive discounts of 32 percent from colleges in the lower half of the private college price range and discounts of 16 percent from those in the top price group.
- The general pattern involves relatively generous grant aid for low-income students at the higher-priced institutions in which they are least likely to enroll, and more generous grant aid for higher-income students at the lower-priced institutions where they have a lower share of enrollments.
- Private colleges with lower published tuition and fee levels have higher concentrations of low-income students and those with higher published prices enroll larger numbers of students from high-income families.

Private Four-Year Institutions	Family Income Quartile			
	Lowest	2nd	3rd	Highest
Lowest Tuition and Fee Level (Under \$15,200)	31%	23%	26%	20%
2nd Price Level (\$15,201–\$19,399)	19%	25%	26%	30%
3rd Price Level (\$19,400–\$25,349)	16%	21%	26%	37%
Highest Price Level (\$25,350 or more)	13%	16%	22%	48%

Institutional Grants: Public Colleges and Universities

Figure 12b: Average Institutional Grant and Average Pell Plus State Grant Per Full-Time Dependent Student at Public Institutions by Family Income Quartiles, 2003-04



Note: Based on full-time full-year dependent students attending only one institution in 2003-04. Family income quartiles: Lowest quartile = less than \$32,375; 2nd quartile = \$32,375–\$59,443; 3rd quartile = \$59,444–\$91,754; highest quartile = \$91,754 or higher.

Source: David Mundel, unpublished reports, 2005; based on NPSAS: 2003-04.

The bottom segment of each bar shows the average dollars per student in institutional grant aid, averaged across all full-time dependent undergraduates in the sector. The upper segment shows Pell Grant plus state grant per student. Note that the scales in these graphs differ from the scales in Figure 12a.

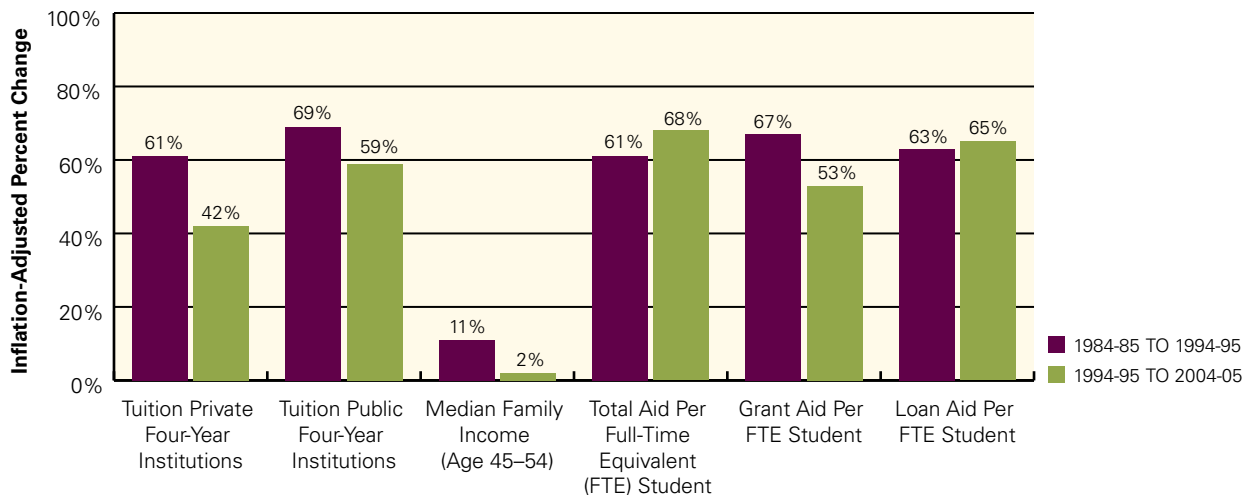
In 2003-04, public four-year colleges and universities awarded an average of \$1,200 in institutional grant aid to full-time dependent students from families with incomes below \$32,375. Students from families with incomes above \$91,754 received an average of \$800 in institutional grant aid.

- On average, institutional grant aid covered 23 percent of tuition and fees for the lowest income students, 18 percent for the second quartile, 16 percent for the third quartile, and 13 percent for students from families with incomes above \$91,754.
- On average, institutional grant aid covers 19 percent of tuition and fees for full-time dependent public two-year college students.
- More affluent public two-year students receive less institutional grant aid than others. Institutional aid covers an average of 9 percent of tuition and fees for students from families with incomes above \$91,754.
- Students from more affluent families tend to enroll in higher-priced institutions within the public four-year sector. Average published tuition and fees for students from the highest income families was about \$6,200, compared to \$5,500 and \$5,400 for the middle-income quartiles and \$5,000 for the lowest income quartile. (Mundel, 2005)
- The proportion of students in the public two-year and public four-year sectors from each of the income quartiles in 2003-04 were as follows:

	Lowest Quartile	2nd Quartile	3rd Quartile	Highest Quartile
2-Year Public	28%	29%	24%	20%
4-Year Public	21%	23%	28%	28%

Growth in Tuition and Fees, Income, and Aid

Figure 13: Inflation-Adjusted Changes in Tuition and Fees, Family Income, and Student Aid, 1984-85 to 1994-95 and 1994-95 to 2004-05



Note: Loan aid includes federal loans only, not private nonfederal loans.

The rate of growth in tuition and fees was lower over the decade from 1994-95 to 2004-05 than over the preceding decade. Family incomes and grant aid also grew more slowly during the most recent decade.

- Median family income for families with heads of household between the ages of 45 and 54 rose by only 2 percent, or \$1,700, between 1994-95 and 2004-05, after adjusting for inflation.
- Tuition and fees at public four-year colleges increased by \$2,044. The net tuition and fees paid by students grew by less, as grant aid per student rose by \$1,520 in 2004 dollars.
- Grant aid grew more rapidly than loan aid over the 1984-85 decade, but loans increased slightly more than grants between 1994-95 and 2004-05.
- The dollar difference between average tuition and fees at public four-year colleges and universities and average grant per FTE student (not shown on graph) rose from \$277 in 2004 dollars in 1984-85 to \$489 in 1994-95 and \$1,012 in 2004-05.
- The gap between average tuition, fees, room and board at private four-year colleges and universities and average grant aid per FTE student rose from \$4,364 in 2004 dollars in 1984-85 to \$5,478 in 1994-95 and \$7,648 in 2004-05.

College Savings Plans

Figure 14: Total Assets in Section 529 College Savings Plans, 1996 to 2005

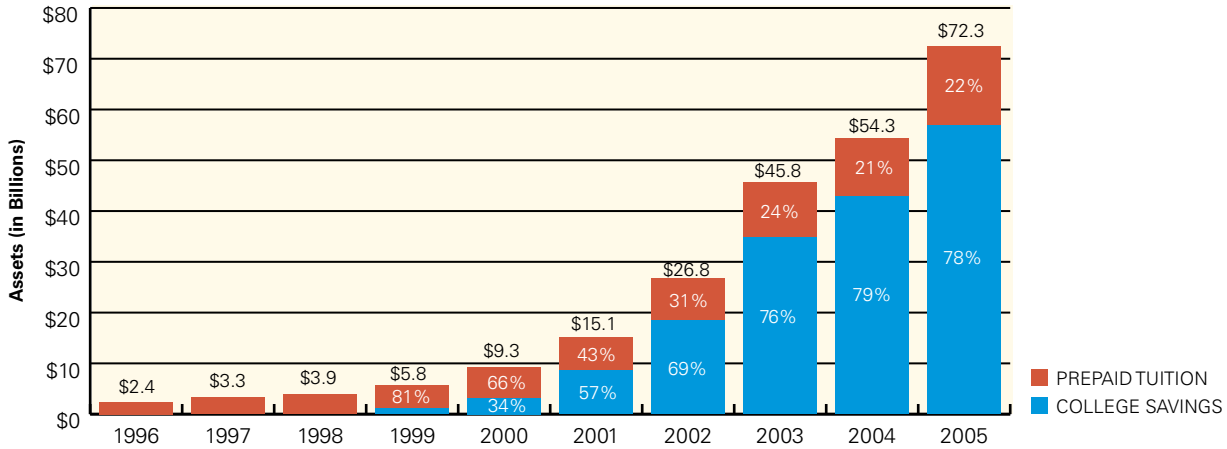
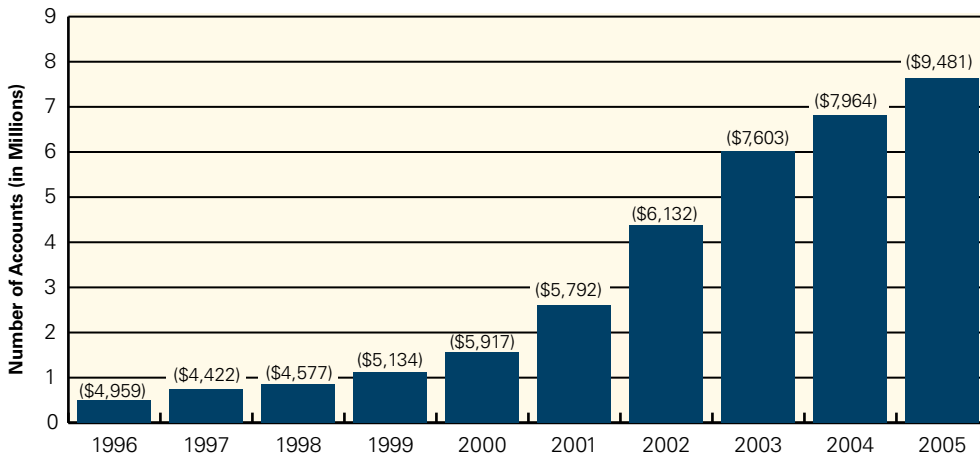


Figure 15: Number of Section 529 Accounts (with Average Savings), 1996 to 2005



Note: Information on type of account is not available for years before 1999, although the majority were prepaid tuition plans. 2005 data are as of June 30, 2005.

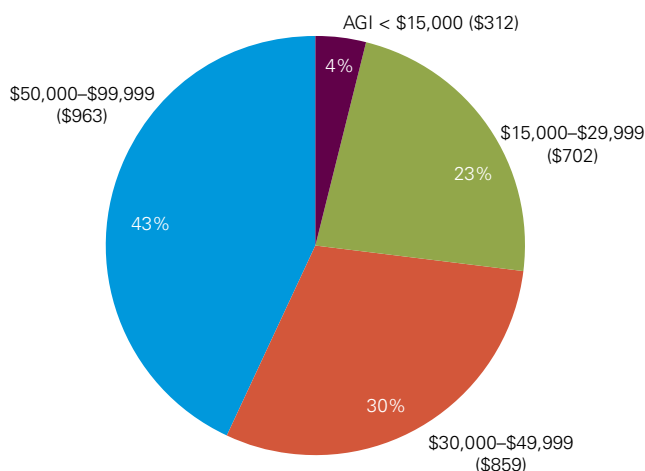
Source: College Savings Plans Network (collegesavings.org), National Association of State Treasurers.

In 2005, 7.6 million Section 529 college savings plans hold an average of \$9,481. The proportion of these tax-preferred savings funds in the form of prepaid tuition plans declined from 81 percent in 1999 to 22 percent in 2005.

- Assets in 529 college savings plans accumulate tax free and if used for postsecondary education expenses, can be redeemed tax free. Standard 529 savings plans are simply tax-preferred investments in mutual funds and other financial assets. Prepaid tuition plans are guaranteed to cover fixed proportions of tuition prices in the future regardless of price increases.
- The two forms of savings plans are treated differently by the federal student aid system. Standard savings plans are treated as parent assets and reduce aid eligibility by a maximum of 5.6 percent of their value. Prepaid tuition plans, in contrast, reduce aid eligibility dollar for dollar when assets are withdrawn.
- Forty-nine states have standard 529 savings plans, while only 19 currently have prepaid tuition plans.
- Other forms of tax-preferred education savings include Coverdell Savings Accounts and Series E savings bonds.

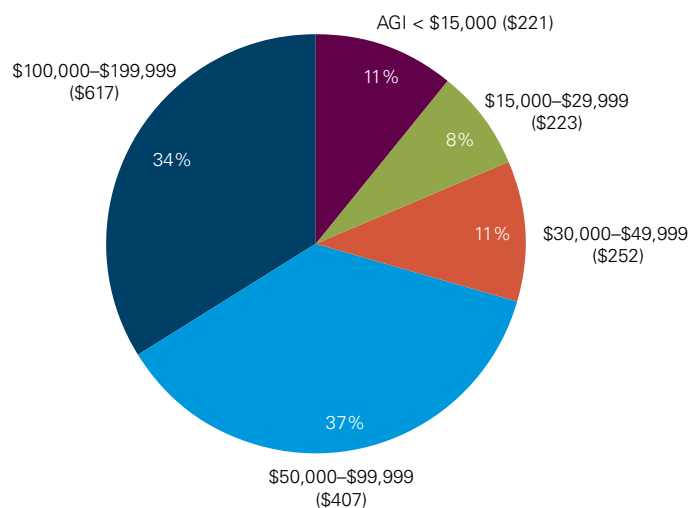
Federal Education Tax Credits and Tuition Deductions

Figure 16: Federal Education Tax Credits: Distribution of Savings by Adjusted Gross Income Level, 2003



Source: *Individual Income Tax Returns, Preliminary Data 2003, Table A.*

Figure 17: Federal Tuition and Fee Deduction: Distribution of Savings by Adjusted Gross Income Level, 2003



Source: *Individual Income Tax Returns, Preliminary Data 2003, Table A; Individual Income Tax Rates and Shares, 2002; calculations by the authors.*

In 2003, 52 percent of the combined tax savings from Hope and Lifetime credits and the federal tuition and fee tax deduction went to taxpayers with incomes below \$50,000; 48 percent went to taxpayers with incomes of \$50,000 or higher.

- In 2003, parents and students were granted \$5.9 billion in Hope and Lifetime Learning tax credits. The federal tuition and fee tax deduction reduced tax liabilities by \$1.3 billion.
- Tax credits and deductions are less likely than other forms of student aid to benefit the lowest income students because they are available only to students and families who have positive federal tax liabilities. They cover only tuition and fee expenses net of grant aid and provide greater tax savings for students who pay higher levels of tuition.
- The Hope tax credit is available to students and parents of dependent students with incomes up to \$105,000 on joint returns in the first two years of undergraduate study. It is equal to the first \$1,000 of tuition and fees paid plus 50 percent of the next \$2,000, with a maximum tax savings of \$1,500.
- The Lifetime Learning tax credit is available to all postsecondary students and parents of dependent students with incomes up to \$105,000 on joint returns. It is equal to 20 percent of tuition and fees paid up to a maximum of \$2,000.
- The federal tuition and fee tax deduction is available to students and parents of dependent students with incomes up to \$160,000 on joint returns. Up to \$4,000 in tuition and fees is deductible from income before calculating taxes due. The tax savings generated by the deduction are greater for taxpayers whose incomes place them in higher marginal tax brackets. The maximum benefit is \$1,120 in the 28 percent tax bracket.
- Other tax savings related to higher education expenses include the deductibility of interest on student loans and tax-free education savings plans.

Notes and Sources

TABLE 1

Federally Supported Programs

Several of the federally supported programs include small amounts of funding from sources other than the federal government. For example, Federal Work-Study (FWS) includes contributions by institutions, although most of the funds in the program are federal. Perkins Loans (until 1987 called National Direct Student Loans or NDSL) are funded from federal and institutional capital contributions as well as collections from borrowers. Institutional matching funds required by the Supplemental Educational Opportunity Grant (SEOG) program since 1989-90 are reported under institutional grants.

LEAP. Formerly known as the State Student Incentive Grant (SSIG) program, the Leveraging Educational Assistance Partnerships (LEAP) monies reported under federally supported aid include federal monies only; the state share is included under the “state grants” category.

Veterans. Benefits are payments for postsecondary education and training to veterans and their dependents authorized under Chapters 30, 31, 32, 34, 35, and 106 of the U.S. Code. Federal contributions to Chapter 34, the Veterans’ Educational Assistance portion of the Post-Korean Conflict Educational Assistance Programs, were terminated in 1990. After 1990, remaining eligible veterans were funded through Chapter 30.

Military. Expenditures for education are reported for three types of programs: the F. Edward Hebert Armed Forces Health Professions Scholarship Program; Reserve Officers’ Training Corps programs for the Air Force, Army, and Navy/Marines; and higher education tuition assistance for the active duty Armed Forces.

Other Grants. Includes Higher Education Grants for Indian Students; Fellowships for Indian Students (last funded in 1995–1996), American Indian Scholarships; Indian Health Service Scholarships; National Science Foundation predoctoral fellowships (minority and general graduate); National Health Service Corps Scholarships; National Institutes of Health predoctoral individual awards, including Nursing Fellowships (nursing funding ended in 1984–1985); fellowships awarded through the Council on Legal Educational Opportunity (last funded in 1995–1996); the Jacob K. Javits Fellowship Program; the Robert C. Byrd Honors Scholarship Program (last funded in 1994–1995); and college grants provided to volunteers in the AmeriCorps national service programs (funding began in 1994–1995).

Other Loans. Includes amounts loaned under the Health Professions Student Loan Program, the Health Education Assistance Loan Program, and the Nursing Student Loan Program.

Education Tax Benefits. Data on education tax credits are Internal Revenue Service estimates of the volume of Hope and

Lifetime Learning credits for tax years 1998 and later. Beginning in 2002, estimates of tax benefits also include the federal tuition and fee deduction. Amounts deducted are reported annually in the IRS Statistics of Income.

Associated tax savings are estimated by the College Board based on the marginal tax rates applying to the average taxable income of the tax filers in each income bracket claiming the deduction. Amounts are attributed to the academic year beginning in the calendar year during which the tax benefit was claimed. For example, the tax benefit counted as student aid in 2002-03 is the amount claimed on 2002 tax forms. Estimates for 2004 are based on earlier data.

State Grant Programs

The state grant amount for 2004-05 is based on projections by the 20 states that award approximately 90 percent of state grant funds and estimates made by the College Board for the remaining 30 states and the District of Columbia. Previous data are updated using the NASSGAP *Annual Survey*.

Institutional Grants

Estimates of institutional grant amounts are based on data from the College Board’s *Annual Survey of Colleges*, the National Postsecondary Student Aid Surveys (NPSAS) from 1992-93 through 2003-04, and IPEDS data through FY 2003. These figures represent best approximations.

Private and Employer Grants

Private and employer grant amounts are based on data included in the 1992-93 through 2003-04 NPSAS.

Nonfederal Loans

Estimates based on an annual College Board poll of the largest nonfederal loan sponsors; includes estimates of private and state-sponsored loan volume since 1995-96.

TABLE 2

Constant dollar figures are based on data from Table 1. See page 27 for a more complete explanation of constant-dollar conversions.

TABLE 5

“Four-year” institutions include public institutions offering bachelor’s and/or graduate degrees. “Two-year” institutions include public institutions of any other program length from six months to three years. “Proprietary” refers to private for-profit institutions.

The Stafford unsubsidized loan program first began disbursing funds in 1992–1993. Beginning in 1994–1995, loan distribution figures include Stafford subsidized, Stafford unsubsidized, and PLUS loans made through both the Federal Family Education Loan Program and the Ford Direct Student Loan Program.

TABLE 6

Based on data from Tables 1 and 2. The “grants” category includes Pell Grants, SEOG, LEAP,

Veterans Benefits, Military Expenditures, Other Grants, State Grant Programs, Institutional Grants and Private and Employer Grants.

“Loans” include loans from all sources, including private loans, which are reported in Tables 1 and 2 but not included in the calculation of the total amount of student aid or in Figure 2. The “work” component is FWS and “tax benefits” include Hope and Lifetime Learning federal tax credits and estimated tax savings from the federal tuition and fee deduction. Pell and SEOG grants are exclusively for undergraduate students. Breakdown of other grants by level of study is based on NPSAS data. Breakdown of federal loans is based on information provided by the U.S. Department of Education. Breakdown of private loans is based on reporting by the lenders.

TABLE 8

The 1992 reauthorization of the Higher Education Act eliminated the percent cap on college costs beginning in 1993–1994. The constant-dollar values reflect a fiscal year CPI adjustment.

TABLE 7

FTE data from Table 200, *Digest of Education Statistics 2003*. FTE data are for fall enrollment, all institutions. Enrollment data for 2003-04 and 2004-05 are based on middle alternative projections from Table 22, *Projections of Education Statistics to 2012*, NCES.

FIGURES 1 and 2

Based on Tables 1 and 2.

Academic Year 2004 = 2004-05

“Federal Campus-Based” aid includes SEOG, FWS, and Perkins Loans.

“Other Federal Programs” include LEAP, Military and Veterans’ aid, Other Grants, and Other Loans.

“Education Tax Benefits” include federal Hope and Lifetime Learning credits and estimated tax savings from the federal tuition and fee deduction.

FIGURES 3 and 4

Based on data from Table 2.

FIGURE 6

“Loans” include FFELP, FDSLPL, Perkins Loans, other federal loans, and nonfederal loans as surveyed for this report. Although not included in the student aid total, nonfederal loans are included here to represent total student borrowing.

“Grants” include Pell, SEOG, LEAP, Veterans, Military and other grants, state grants, institutional grants, and private and employer grants.

Grant and loan amounts for graduate and undergraduate students are based on data in Table 6.

FIGURE 7

Based on Table 7 data and data online at collegeboard.com/trends.

FIGURE 8

Based on Table 3 and Table 8. Tuition, fee, room and board data are from *Trends in College Pricing 2005*.

FIGURES 9 and 10

Based on Table 8.

FIGURE 11

Based on annual survey results of the National Association of State Student Grant and Aid Programs (NASSGAP).

FIGURES 12a and 12b

Data on institutional grant aid by institutional type, price and income levels are from the *2003-04 National Postsecondary Student Aid Survey (NPSAS)*. Calculations by David Mundel and the College Board.

FIGURE 13

Tuition and fee data are from *Trends in College Pricing 2005*.

Median family income data for the 45–54 age category are used because they are more representative of families with dependents in college. This statistic is not representative of independent students.

FIGURES 14 and 15

Data on assets in state savings plans and guaranteed tuition plans were provided by the National Association of State Treasurers, College Savings Plans Network.

FIGURES 16 and 17

Distribution of education tax credits and tuition and fee deductions by adjusted gross income levels is from *Statistics of Income, Individual Income Tax Returns, Preliminary Data, 2003*. Because the data are reported by income categories, some interpolation was required. Tax savings from the tuition and fee deduction is based on the marginal tax rates applicable to filers with the levels of 2003 taxable income associated with the returns on which the deduction was claimed (<http://www.irs.gov/pub/irs-soi/02inrate.pdf>).

Acronyms

FWS = Federal Work-Study

FFELP = Federal Family Education Loan Program

FDSLPL = William D. Ford Direct Student Loan Program

PLUS = Parent Loans to Undergraduate Students

SEOG = Federal Supplemental Educational Opportunity Grant

SLS = Supplemental Loans for Students

LEAP = Leveraging Educational Assistance Partnerships

Academic year: July 1 to June 30

Federal fiscal year: October 1 to September 30

Subsidized Stafford Loans = Need-based federal student loans for which the federal government pays the interest while the student is in school and during a six-month grace period thereafter.

Unsubsidized Stafford Loans = Non-need-based federal student loans guaranteed by the federal government but with interest accruing during the in-school time period.

Current dollars: Actual dollar amounts in the relevant year.

Constant dollars: Dollar amounts adjusted for inflation. For example, a dollar amount from 2000 reported in constant 2004 dollars is increased by the amount by which the Consumer Price Index rose between 2000 and 2004. This adjustment removes spending increases attributable only to inflation.

Full-Time Equivalent Students (FTEs): Enrollment numbers based on a federal formula that counts each part-time student as equivalent to approximately one-third of a full-time student.

General Notes

- Details may not add up to totals due to rounding.
- Aid is reported by the academic year in which it is awarded. When necessary, fiscal year data are converted to the academic year equivalents by reassigning the July through September expenditures.
- For a more detailed description of the programs and past trends, see *Trends in Student Aid: 1963 to 1983*.

A Note on Constant-Dollar Conversion

The Consumer Price Index for all urban dwellers (the CPI-U) is used to adjust for inflation. Updated CPI data are available from the Bureau of Labor Statistics Web site (<http://stats.bls.gov/cpihome.htm>). We have used an academic base-year calculation in most cases. The academic base year for 2004-05 was calculated using CPI data for the months inclusive of July 2004 to June 2005.

The CPI conversion table provides academic and calendar year CPI data. The factor column provides the user with a multiplication factor equal to that of CPI (base year) divided by CPI (current year), as illustrated in the right-hand side of the above equation. Multiplication of the current year figure by the associated factor will yield a constant-dollar result.

Sources

Consumer Price Index

The Consumer Price Index (CPI) for current and past years is from the Bureau of Labor Statistics, U.S. Department of Labor.

Campus-Based Aid (FWS, Perkins, and SEOG)

U.S. Department of Education, Office of Postsecondary Education Policy, Budget, and Analysis staff. Federal Campus-Based Programs Databook 2002 and Federal Campus-Based Programs Distribution of Awards Annual.

Federal Family Education Loan and Ford Direct Student Loan Programs

Unpublished data from the U.S. Department of Education, Policy, Budget, and Analysis staff and the National Student Loan Data System (NSLDS).

Military

F. Edward Hebert Armed Forces Health Professions Scholarship amounts were obtained

from the Office of the Assistant Secretary for Defense (Health Affairs). ROTC program data were obtained separately from the Air Force, Army, and Navy program offices. The Education Policy Directorate of the Office of the Secretary of Defense provided Armed Forces tuition assistance amounts.

Other Grants and Loans

The data were collected through conversations and correspondence with the officials of the agencies that sponsor the programs.

Pell Grant Program

Unpublished data from Policy, Budget, and Analysis Staff, U.S. Department of Education. Other data from Pell Grant End of Year Reports.

Education Tax Benefits

Internal Revenue Service, *Individual Income Rates and Shares*, 2002, 2003 SOI Bulletin, Winter 2002–2003.

LEAP and State Grant Programs

2004-05: Preliminary figures reported by 20 states with largest grant appropriations. Figures for remaining 30 states, the District of Columbia, and Puerto Rico were estimated by the College Board.

1988–1989 to 2003-04: 20th through 35th Annual Survey Reports of the National Association of State Scholarship and Grant Programs.

Veterans Benefits

Benefits Program series (annual publication for each fiscal year), Office of Budget and Finance, U.S. Veteran's Administration, and unpublished data from the same agency.

ACADEMIC YEAR			CALENDAR YEAR		
Year	CPI	Factor	Year	CPI	Factor
1994-95	150.4	1.2745	1994	148.2	1.2743
1995-96	154.5	1.2407	1995	152.4	1.2395
1996-97	158.9	1.2063	1996	156.9	1.2042
1997-98	161.7	1.1852	1997	160.5	1.1767
1998-99	164.4	1.1660	1998	162.9	1.1597
1999-00	169.1	1.1335	1999	166.4	1.1351
2000-01	175.1	1.0948	2000	172.2	1.0969
2001-02	178.2	1.0758	2001	177.1	1.0667
2002-03	182.1	1.0526	2002	179.9	1.0501
2003-04	186.1	1.0301	2003	184.0	1.0268
2004-05	191.7	1.0000	2004	188.9	1.0000

Defining Terms

According to the National Commission on the Cost of Higher Education, defining “cost,” “price,” and “subsidy” is critical to clarifying the issues in financing postsecondary education.

- **Costs** refer to the expenditures associated with delivering instruction, including physical plant and salaries.
- **Prices** are the expenses that students and parents face. **Published price** is the price institutions charge for tuition and fees as well as room and board in the case of students residing on campus. A full student expense budget also includes books, supplies, and transportation. **Net price** is what the student and/or family must cover after financial aid awards are subtracted.
- **General subsidies** make it possible for institutions to charge less than the actual costs of instruction. State, federal, and local appropriations, as well as private philanthropy, reduce the prices faced by all students—whether or not they receive financial aid.

This report provides the published prices facing students and parents and estimates of average net price. We refer readers to the companion publication, *Trends in College Pricing 2005*, for detailed data on the grant, loan, work-study, and education tax benefits that help families cover the expenses of college attendance. This report does not focus on the underlying costs of instruction or subsidies to institutions.

An electronic copy of this report, along with the other reports of the Trends in Higher Education series and additional data tables, can be downloaded at www.collegeboard.com/trends.

This report provides the most recent and complete statistics available on pricing of U.S. public and private nonprofit postsecondary institutions. Based on the College Board’s *Annual Survey of Colleges*, data presented in this publication cover tuition and fees, room and board, and other costs associated with going to college.

The Washington Office of the College Board conducts research relevant to public policy issues in education. The office is located at 1233 20th Street NW, Suite 600, Washington, DC 20036-2375. Phone: 202 741-4700.

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