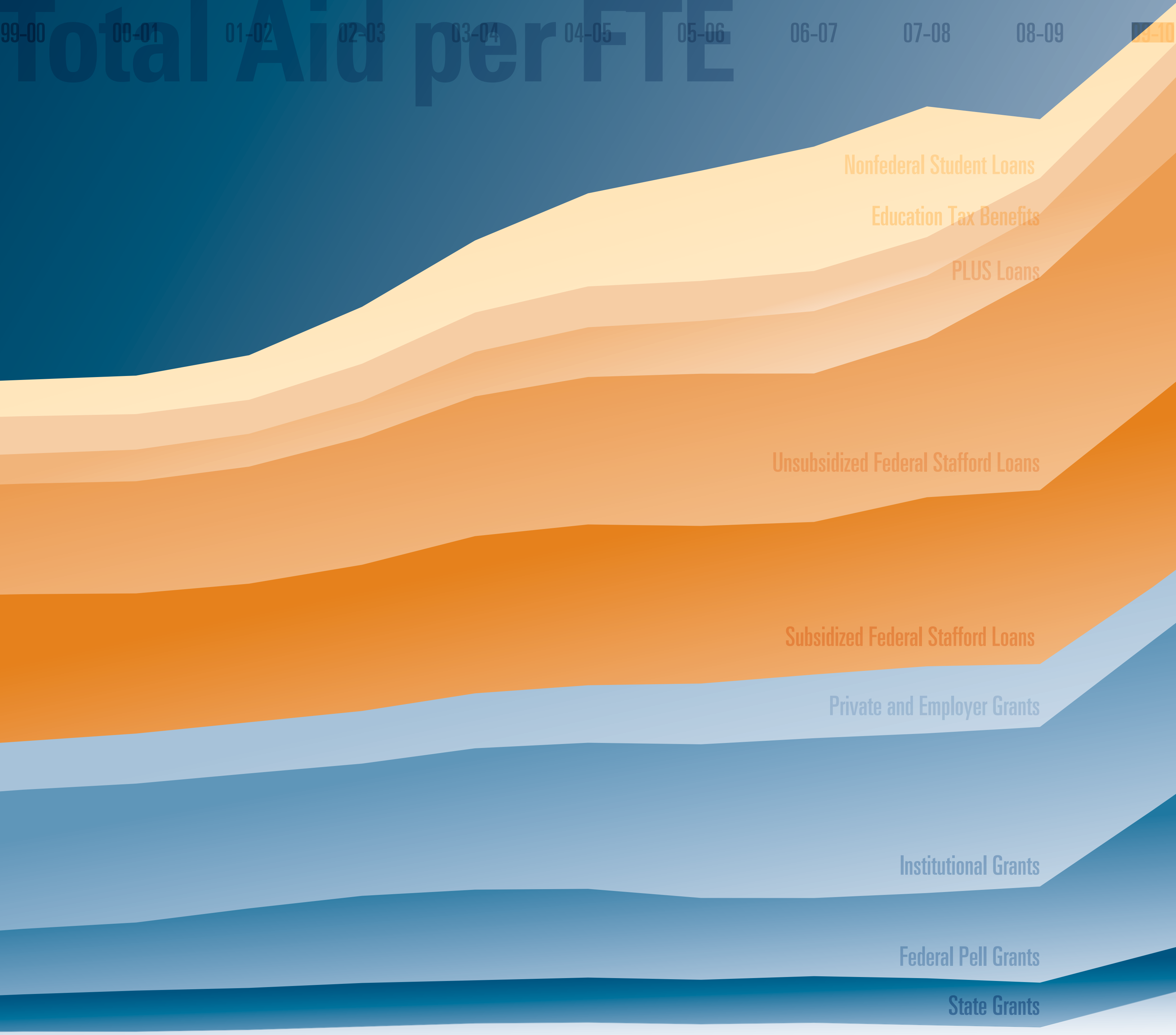

Trends in Higher Education Series

Trends in Student Aid 2010

CollegeBoard
Advocacy & Policy Center

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Highlights

TYPES OF STUDENT AID

In 2009-10, undergraduate students received an average of $11,461 per full-time equivalent (FTE) student in financial aid, including $6,041 in grant aid and $4,883 in federal loans. Graduate students received an average of $22,697 in aid, including $6,371 in grant aid and $15,744 in federal loans.

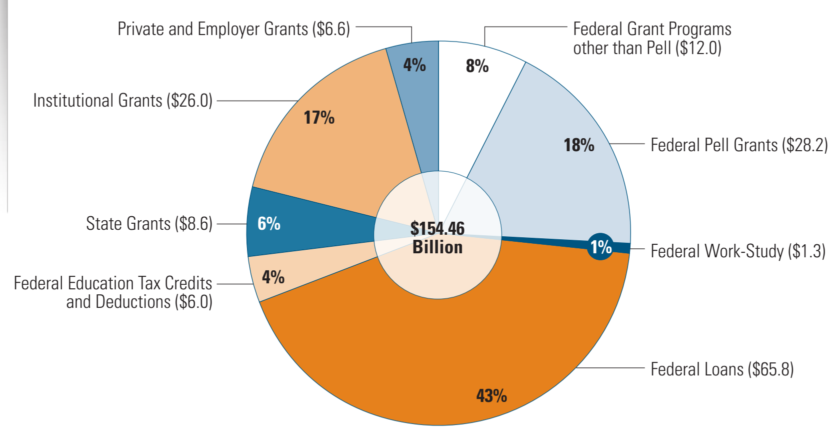
- From 2008-09 to 2009-10, grant aid per undergraduate FTE student increased by an estimated 22% ($1,073 in 2009 dollars), while federal loans increased by 9% ($408 in 2009 dollars).
- Over the decade from 1999-2000 through 2009-10, grant aid per undergraduate FTE increased an average of 4.9% per year after adjusting for inflation; federal loans per FTE grew 5% a year.
- In 2009-10, $199.2 billion in financial aid was distributed to undergraduate and graduate students in the form of grants from all sources, Federal Work-Study (FWS), federal loans, and federal tax credits and deductions. In addition, students borrowed an estimated $8.5 billion in loans from state and private sources.
- In addition to grants and loans, in 2009-10 both undergraduate and graduate student aid included between $400 and $500 per FTE in federal education tax credits and deductions and almost $100 in Federal Work-Study wages.
- About 8 million taxpayers benefited from education tax credits and deductions in 2009. In 2009-10, 10.2 million postsecondary students borrowed Stafford Loans and 7.7 million received Pell Grants. Federal campus-based programs reached many fewer students: 1.3 million Federal Supplemental Educational Opportunity Grant (FSEOG), 930,000 Federal Work-Study, and 521,000 Perkins Loan recipients in 2009-10.

SOURCES OF GRANT AID

In 2009-10, 44% of all grant aid (and 49% of undergraduate grant aid) came from the federal government. Thirty-six percent of grant aid came from colleges and universities, 9% from state governments, and 11% from employers and other private sources.

- The maximum federal Pell Grant increased by 16% in constant dollars in 2009-10, the largest one-year increase in its history. The maximum failed to keep pace with inflation in 2003-04 and the following three years, but it increased by 4% beyond inflation in 2007-08 and again in 2008-09.
- Although the maximum Pell Grant is the most frequently discussed descriptor of these grants, only about 25% of recipients currently qualify for the maximum. In 2009-10, when the maximum grant was $5,350, the average grant was $3,646.
- Institutional grant dollars per undergraduate FTE increased at an average rate of about 2.8% per year over the 1999-2000 to 2009-10 decade.

UNDERGRADUATE STUDENT AID by Source (in Billions), 2009-10



SOURCE: Table 1.

DISTRIBUTION OF STUDENT AID

In 2008-09, 41% of Pell Grant recipients were dependent on their parents for support, and 61% of this group came from families with incomes of $30,000 or less.

- Although 90% of the education tax credits went to taxpayers with an adjusted gross income (AGI) between $25,000 and $100,000 in 2008, two-thirds of the savings from the tuition tax deduction went to taxpayers with an AGI above $100,000.
- The 31% of FTE undergraduate students in public two-year colleges received 31% of the total Pell Grant funds in 2008-09, but these students received much lower percentages of all other forms of federal aid. The 10% of all FTE postsecondary students enrolled in for-profit institutions received 28% of the unsubsidized and 25% of the subsidized Stafford Loans, compared to 6% and 8%, respectively, for the 27% of all FTE students enrolled in public two-year colleges.
- The proportion of state grant dollars distributed to undergraduate students without regard to their financial circumstances increased from 11% in 1988-89 to 19% in 1998-99, 26% in 2003-04, and 28% in 2008-09.
- State grant policies differ considerably across the nation. In Georgia, where almost all state grant aid is based on academic qualifications, average aid to the highest-income students is higher than aid to lower- and middle-income students. In Illinois, Minnesota, New York, and Texas, where most grant aid is need-based, the highest-income students get very small amounts of state grant aid.
- Institutional grants that meet financial need increased much more rapidly than grants exceeding need and other discounts at public four-year colleges and universities over the decade from 1999-2000 to 2009-10, but these grants still constitute only 42% of total institutional discounts.

STUDENT BORROWING

Total education borrowing increased by about 10% from 2008-09 to 2009-10, but much of the increase was due to increased enrollments. Total borrowing, including federal student and parent loans, as well as nonfederal loans, increased by about 4% per FTE student, after adjusting for inflation.

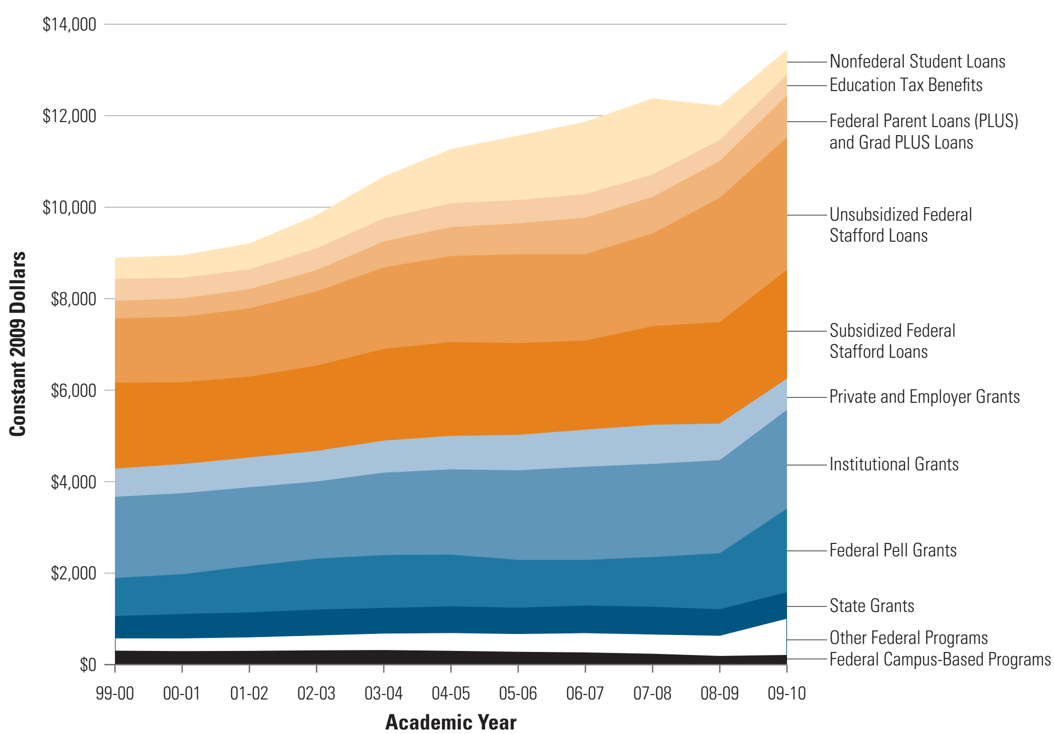
- Federal education borrowing increased by 14% in 2009-10, while nonfederal borrowing decreased by about 22%, following a decline of about 53% the preceding year.
- In 2009-10, 35% of undergraduates took out Stafford Loans. Twenty-four percent used both subsidized and unsubsidized loans. In other words, almost 70% of all undergraduate Stafford borrowers had both types of loans — and 80% of subsidized borrowers also had unsubsidized loans.
- Typical debt levels vary more across postsecondary sectors than by family income levels within sectors. Among 2007-08 bachelor's degree recipients from public institutions, 61% of dependent students from families with incomes between $60,000 and $90,000 had education debt, with a median debt of $17,000. At private nonprofit institutions, these figures were 75% and $21,100. At for-profit colleges, they were 99% and $34,600.
- Average debt levels among public college bachelor's degree recipients rose only slightly beyond the rate of overall inflation from 1999-2000 to 2008-09. However, 65% of private nonprofit bachelor's degree recipients had an average student loan debt of $26,100 in 2008-09, an increase from 63%, with an average debt of $22,300 (in 2009 dollars) in 1999-2000.

Contents

Contents — Continued

Total financial aid per full-time equivalent (FTE) student increased 51%, from $8,894 (in constant 2009 dollars) in 1999-2000 to $13,444 in 2009-10.

FIGURE 1 Ten-Year Trend in Student Aid and Nonfederal Loans per FTE Used to Finance Postsecondary Education Expenses in Constant 2009 Dollars, 1999-2000 to 2009-10



NOTE: See Notes and Sources for a list of programs included in other federal programs.

SOURCE: Table 1.

Introduction

As reported in *Trends in College Pricing 2010*, college prices continue to rise rapidly, while family incomes decline or at best remain stagnant. These circumstances make the role of financial aid in allowing students to enroll and succeed in college ever more important. Public colleges and universities, where the vast majority of students enroll, posted large increases in their published tuition and fee levels in both 2009-10 and 2010-11. The unprecedented 2009-10 increase in federal grant aid prevented the rising prices from being reflected in the net prices facing low- and moderate-income students. But few students from families with incomes above $50,000 (and few independent students without dependents with incomes above $20,000) receive Pell Grants. Moreover, the rate of increase in grant funds will not continue in the coming years, whereas the rate of increase in published prices is likely to continue.

The $619 increase in the maximum Pell Grant combined with economic conditions led to an increase of over 50% in total Pell Grant awards between 2008-09 and 2009-10. Congress made important changes in the federal student aid system in the American Recovery and Reinvestment Act of 2009, which expanded the Hope tax credit for educational expenses and made it partially refundable for tax filers who do not owe taxes. The Health Care and Education Reconciliation Act of 2010 eliminated the Federal Family Education Loan Program (FFELP). As of July 1, 2010, all new federal education loans are made through the William D. Ford Federal Direct Student Loan Program (FDSLP), with capital provided directly by the government. In addition, the legislation modified the Income-Based Repayment plan, reducing the amount students must repay on their student loans to a lower percentage of their discretionary income.

TRENDS IN STUDENT AID

Trends in Student Aid, an annual College Board publication since 1983, provides extensive data describing student aid of all types from all sources. The federal government, state governments, colleges and universities, and employers and other private entities are all partners in the student aid system, which provides grants, loans, tax benefits, and work aid. The publication does not attempt to evaluate student aid programs or policies, but it provides detailed information that can inform policymakers, researchers, and others in their efforts to assess and improve the effectiveness of student aid. The accompanying website makes data easily available for reference and downloading. The text that accompanies the graphs and tables in *Trends in Student Aid* does not summarize all of the information reported, but it points to key ideas and should help readers to interpret the data.

Trends in College Pricing, a companion report, relies on data from the College Board's *Annual Survey of Colleges* (*ASC*) to provide information on changes in undergraduate tuition and fees, room and board, and other estimated expenses related to attending colleges and universities. Although the latest data available for *Trends in Student Aid* are for the 2009-10 academic year, *Trends in College Pricing 2010* includes information on published prices for the 2010-11 academic year.

TOTAL STUDENT AID

Table 1 reports on the total funds available to postsecondary students, both undergraduate and graduate, to supplement family and student payments over the decade from 1999-2000 to 2009-10. Figure 1 shows these funds — both student aid dollars and the money students borrow from nonfederal sources — on a per-FTE-student basis. Together with students' savings and earnings, as well as support from parental earnings, savings, and borrowing from other sources, these funds contribute to making higher education financially accessible.

We report on percentage increases in each type and source of aid over the decade. However, it is important to keep in mind that the percentage increases have very different implications depending on the starting level. The 203% constant dollar increase in Pell Grants over the decade involved an additional $18.9 billion. The 184% increase in unsubsidized Stafford Loans reflected a $29 billion increase in student borrowing. The $7.5 billion increase in grants for veterans constituted a 392% increase. It is also important to consider these increases with a perspective on enrollment growth. In 2009-10, total FTE enrollment included 4.3 million more students than it had a decade earlier, a 39% increase.

The figures in Table 1 have been adjusted for inflation. Similar tables in current dollars (unadjusted) and broken down between undergraduate and graduate students are available online.

TYPES OF STUDENT AID

From the student's perspective, *grant aid*, which is a pure subsidy not requiring repayment, is the most desirable form of financial aid. Education tax credits and deductions are also pure subsidies, although the fact that the savings generally materialize months after the bills have been paid makes them less effective in facilitating college access.

A variety of forms of *loans* are described in this publication. Subsidized Stafford Loans and Perkins Loans provide the greatest benefit for students because the government pays the interest while the student is in school. Unsubsidized Stafford Loans and PLUS Loans for parents of undergraduate students and graduate students also carry a federal guarantee and interest rates that are controlled by legislation. In contrast, nonfederal education loans from banks and other lending institutions are not subsidized at all. Their value is in providing liquidity for students who have no other means of accessing funds. We report on nonfederal student loans because of their importance, but we do not include them in our measures of student aid because they do not carry any subsidy. After growing rapidly for about a decade, nonfederal loans declined from 25% of education borrowing in 2007-08 to 11% in 2008-09 and 8% in 2009-10.

A small amount of student aid comes from the FWS Program, under which the federal government provides funds to institutions to subsidize the wages they pay to some student workers with documented financial need. Although these funds are packaged along with grants and loans to help students pay their bills, from the students' perspective, they are simply wages received for services performed.

As Figures 2A and 2B reveal, the composition of aid received by graduate students is quite different from the composition of the aid on which undergraduates rely. Federal loans play a much larger role for graduate students, while federal grants provide more support to undergraduates. The teaching and research assistantships from which many graduate students benefit are a form of compensation and are not included here.

FEDERAL AID

The allocation of federal student aid funds differs across programs. Need-based aid relies on the information provided by students and parents on the Free Application for Federal Student Aid (FAFSA) and the formula known as the Federal Methodology (FM). Pell Grants are distributed based on the expected family contribution (EFC) determined by this formula and do not depend on the charges at the particular school attended. Subsidized Stafford Loan eligibility is based on both the EFC and the cost of attendance at the student's institution. A student who is found to have financial need at a high-priced institution might not have measured need and therefore might not receive a subsidized Stafford Loan if she attended a less expensive college or university. Campus-based federal funds including FWS, Federal Supplemental Educational Opportunity Grants (FSEOG), and Perkins Loans are also need-based. However, these funds are distributed to institutions based on a complex formula, and the institutions allocate them to students with financial need. Unsubsidized Stafford Loans are available to all students regardless of their financial circumstances; PLUS Loans require only the absence of adverse credit — a criterion that has affected more applicants during the recent financial crisis. Figure 7 illustrates the distribution of these various forms of aid to students at different types of institutions.

GRANT AID

Grant aid comes from the federal government, state governments, employers and other private sources, and from colleges and universities in the form of discounts from the published price. As Figure 3 shows, federal grants, which accounted for 29% to 34% of total grant aid from 1999-2000 through 2008-09, increased to 44% in 2009-10. Despite a one-year increase of 11% (in constant dollars), institutional grant aid declined from 40% to 36% of the total because of the spike in federal grant aid.

The maximum Pell Grant is awarded to students whose incomes are too low to generate any expected family contribution and is the most frequently cited descriptor of Pell funding levels. However, only about 25% of Pell Grant recipients qualify for the maximum grant. The average grant is a better representation of the subsidy received by the typical Pell Grant recipient.

In addition to total and per-student amounts of grant aid, *Trends in Student Aid* reports on the distribution of grant aid among students. As the gap between the published prices paid by students who do not receive grant aid and the net prices paid by students with the assistance of federal, state, institutional, and other grants grows, the distribution of grant aid matters more and more. Some students have the financial resources necessary to pay tuition and fees, as well as other costs associated with going to college, without serious difficulty. For many others, postsecondary education would be out of the question without generous subsidies.

Federal grants are targeted at low- and moderate-income students, but both states and institutions frequently consider factors other than — or in addition to — financial circumstances, in allocating their aid. Figures 15 and 16 show changes over time and variation across states in the distribution of state grant aid to students with and without financial need. Figures 17A and 17B put a similar focus on institutional grants.

LOANS

The federal government is the primary source of education loans and offers several different types of loans. As discussed above, new federal education loans will no longer be made by private lenders and guaranteed by the federal government (FFELP); as of July 1, 2010, all loans will be made directly by the federal government (FDSLP). However, the distinction between subsidized and unsubsidized Stafford Loans has become more important. All Stafford Loans issued in 2006-07 and 2007-08 carried interest rates of 6.8%. The interest rate on unsubsidized Stafford Loans remains fixed at 6.8%, but the rate on subsidized Stafford Loans declined to 6.0% in 2008-09, 5.6% in 2009-10 and 4.5% in 2010-11. It is scheduled to decline to 3.4% in 2011-12. Interest rates on both Stafford and PLUS Loans varied with market rates before 2006-07. Because all students now face higher limits on total Stafford borrowing than on subsidized Stafford borrowing, many students rely on both the subsidized and unsubsidized programs, accumulating loans with different interest rates and different repayment terms.

The private loan market is an important supplementary source of funds for students, but the loans generally have higher interest rates over the long term and less favorable repayment terms than federal loans. For example, they are not covered by the federal Income-Based Repayment plan. The recent difficulties facing credit markets in general, combined with increases in the availability of federal student loans, are reflected in diminished use of private education loans. There is no reliable source for exact information on total borrowing from these sources. Since 1995-96, the College Board *Trends* staff has conducted an annual survey of private lenders to compile the best possible estimate of this lending. This year we also relied on the expertise of Tim Ranzetta of Student Lending Analytics to develop our estimate. Like our estimates of institutional grant aid and grants from private sources, our estimates in this area are less precise than most of the data we report on student financial aid.

The data on student debt included in *Trends in Student Aid 2010* are from both the 2008 *National Postsecondary Student Aid Study* (*NPSAS)*, a survey of a nationally representative sample of students, and the College Board's *Annual Survey of Colleges*. Figure 9 reveals that among dependent students graduating from public and private nonprofit four-year institutions in 2007-08, those from families with incomes above $120,000 were less likely to borrow, and when they did borrow, accumulated less debt. Those from low-income families borrowed only slightly more than those from middle-income families. These data confirm the higher debt levels of students earning their degrees in the for-profit sector, and Figures 10A and 10B show that debt levels at private nonprofit institutions have risen much more rapidly than those at public colleges and universities in recent years.

THE CONSUMER PRICE INDEX

We provide much of our data in constant dollars, adjusting values for changes in the Consumer Price Index (CPI). We use the change in the CPI from July 2008 to July 2009 to compare the value of aid in 2008-09 to the value in 2009-10. Although they are necessary to make meaningful comparisons of values over long periods of time, comparisons of one-year changes in constant dollars may be confusing. Recent large fluctuations in energy prices have led to an unusually volatile CPI. The 5.6% increase in the CPI from July 2007 to July 2008 was the highest annual inflation rate since 1982. As a result, constant dollar increases for 2008 were small relative to current dollar increases. Between July 2008 and July 2009, the CPI declined by 2.1%, which resulted in constant dollar increases that were larger than current dollar increases. Between July 2009 and July 2010, the CPI increased by 1.2%.

The tables supporting all of the graphs in the Trends *publications, PDF versions of the publications, PowerPoint files containing individual slides for all of the graphs, and other detailed data on student aid and college pricing are available on our website at **http://trends.collegeboard.org**. Please feel free to cite or reproduce the data in* Trends *for noncommercial purposes with proper attribution.*

Total Student Aid — Adjusted for Inflation

Between 2008-09 and 2009-10, Pell Grant funds to low- and moderate-income students increased by 58% ($10.3 billion in 2009 dollars) and veterans' grant aid increased by 131% ($5.4 billion). Total federal grant aid to undergraduate and graduate students increased from $25.2 billion to $41.3 billion in one year.

- During the 2009-10 academic year, $199.2 billion in financial aid was distributed to undergraduate and graduate students in the form of grants from all sources, Federal Work-Study, federal loans, and federal tax credits and deductions. In addition, students borrowed about $8.5 billion in loans from state and private sources to help finance their education.
- The nonfederal loans reported here are not actually student aid because they carry no subsidy of any sort. Rather, they are an alternative form of personal financing.
- An increase of 14% ($11.9 billion in 2009 dollars) in federal education loans combined with a 22% ($2.5 billion) decrease in nonfederal student loans to yield an overall 10% ($9.5 billion) increase in borrowing for education between 2008-09 and 2009-10.
- The percentage of federal Stafford and PLUS Loans made through the Federal Direct Student Loan Program (FDSLP), under which students borrow directly from the federal government, increased from 19% in 2007-08 to 25% in 2008-09 and 39% in 2009-10. The Federal Family Education Loan Program (FFELP), which provided the other 61% of loans in 2009-10 and under which loans made by banks and other private lenders were guaranteed by the federal government, was abolished by Congress as of July 1, 2010.
- In 2009-10, 74% of the total student aid for undergraduate and graduate students came from the federal government, an increase from 66% in 1999-2000 and 69% in 2004-05.

TABLE 1 Total Student Aid and Nonfederal Loans Used to Finance Postsecondary Education Expenses in Constant 2009 Dollars (in Millions), 1999-2000 to 2009-10

	Academic Year											
	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	*Preliminary* 09-10	10-Year %Change
Federal Programs												
Grants												
Pell Grants	$9,312	$9,915	$12,102	$13,920	$14,881	$14,952	$13,989	$13,564	$15,173	$17,907	$28,213	203%
SEOG	$800	$786	$838	$867	$890	$876	$858	$816	$797	$742	$758	-5%
LEAP	$32	$50	$67	$79	$77	$75	$72	$68	$67	$63	$63	95%
Academic Competitiveness Grants	—	—	—	—	—	—	—	$256	$319	$332	$503	
SMART Grants	—	—	—	—	—	—	—	$217	$212	$196	$361	
Veterans	$1,926	$2,049	$2,285	$2,766	$3,111	$3,425	$3,501	$3,487	$3,594	$4,096	$9,470	392%
Military and Other Grants	$1,062	$1,092	$1,206	$1,255	$1,498	$1,664	$1,654	$1,743	$1,751	$1,846	$1,954	84%
Total Federal Grants	**$13,132**	**$13,892**	**$16,498**	**$18,887**	**$20,458**	**$20,991**	**$20,073**	**$20,150**	**$21,913**	**$25,182**	**$41,321**	**215%**
Loans												
Perkins Loans	$1,422	$1,426	$1,503	$1,746	$1,919	$1,878	$1,756	$1,712	$1,430	$941	$1,106	-22%
Subsidized Stafford	$20,915	$20,417	$21,100	$23,353	$25,808	$27,090	$26,935	$26,471	$30,083	$32,380	$36,741	76%
(FDLP)	*($6,934)*	*($6,352)*	*($6,217)*	*($6,559)*	*($6,643)*	*($6,474)*	*($6,030)*	*($5,501)*	*($6,060)*	*($8,100)*	*($14,190)*	105%
(FFELP)	*($13,981)*	*($14,065)*	*($14,883)*	*($16,794)*	*($19,165)*	*($20,616)*	*($20,905)*	*($20,969)*	*($24,023)*	*($24,280)*	*($22,551)*	61%
Unsubsidized Stafford	$15,717	$16,335	$17,812	$20,323	$22,951	$24,838	$26,019	$25,767	$28,317	$39,682	$44,689	184%
(FDLP)	*($4,768)*	*($4,613)*	*($4,777)*	*($5,152)*	*($5,193)*	*($5,190)*	*($5,118)*	*($4,709)*	*($5,093)*	*($9,114)*	*($16,721)*	251%
(FFELP)	*($10,948)*	*($11,723)*	*($13,035)*	*($15,171)*	*($17,758)*	*($19,648)*	*($20,901)*	*($21,058)*	*($23,224)*	*($30,568)*	*($27,968)*	155%
PLUS	$4,244	$4,600	$5,001	$5,816	$7,299	$8,372	$9,019	$10,817	$11,138	$11,761	$14,165	234%
(FDLP)	*($1,451)*	*($1,473)*	*($1,535)*	*($1,825)*	*($2,122)*	*($2,275)*	*($2,338)*	*($2,370)*	*($2,385)*	*($3,392)*	*($5,934)*	309%
(FFELP)	*($2,793)*	*($3,127)*	*($3,466)*	*($3,991)*	*($5,177)*	*($6,097)*	*($6,681)*	*($8,446)*	*($8,753)*	*($8,369)*	*($8,231)*	195%
Other Loans	$146	$144	$143	$150	$147	$160	$173	$170	$129	$128	$133	-9%
Total Federal Loans	**$42,444**	**$42,923**	**$45,559**	**$51,388**	**$58,124**	**$62,338**	**$63,903**	**$64,936**	**$71,098**	**$84,892**	**$96,834**	**128%**
Federal Work-Study	$1,185	$1,170	$1,252	$1,312	$1,296	$1,230	$1,158	$1,103	$1,099	$1,090	$1,417	20%
Education Tax Benefits	$5,340	$5,180	$5,170	$5,980	$6,460	$6,880	$6,840	$6,970	$6,850	$6,690	$6,970	31%
Total Federal Aid	**$62,101**	**$63,166**	**$68,479**	**$77,567**	**$86,338**	**$91,440**	**$91,974**	**$93,159**	**$100,960**	**$117,853**	**$146,542**	**136%**
State Grants	$5,250	$5,940	$6,336	$6,925	$7,016	$7,520	$7,534	$8,023	$8,269	$8,224	$8,722	66%
Institutional Grants	$19,780	$20,240	$20,550	$21,120	$23,200	$24,620	$26,270	$27,740	$28,430	$29,710	$33,380	69%
Private and Employer Grants	$6,890	$7,290	$7,780	$8,410	$9,020	$9,690	$10,390	$11,050	$11,940	$11,710	$10,550	53%
Total Federal, State, Institutional, Private Aid	**$94,021**	**$96,636**	**$103,145**	**$114,023**	**$125,574**	**$133,271**	**$136,169**	**$139,972**	**$149,599**	**$167,497**	**$199,194**	**112%**
Nonfederal Loans	$5,170	$5,600	$6,800	$9,090	$11,830	$15,690	$18,840	$21,590	$23,260	$10,960	$8,500	64%
(State-Sponsored)	*($650)*	*($620)*	*($730)*	*($720)*	*($820)*	*($910)*	*($1,210)*	*($1,480)*	*($1,450)*	*($880)*	*($800)*	23%
(Private Sector)	*($4,520)*	*($4,980)*	*($6,070)*	*($8,370)*	*($11,010)*	*($14,780)*	*($17,630)*	*($20,110)*	*($21,810)*	*($10,080)*	*($7,700)*	70%
Total Funds Used to Finance Postsecondary Expenses	**$99,191**	**$102,236**	**$109,945**	**$123,113**	**$137,404**	**$148,961**	**$155,009**	**$161,562**	**$172,859**	**$178,457**	**$207,694**	**109%**

NOTE: Education tax benefits for 2009-10 are estimated. No data are yet available on the American Opportunity Credit, first claimed on 2009 tax returns. Components may not sum to totals because of rounding.

Total Undergraduate and Graduate Student Aid by Type

In 2009-10, federal loans constituted 43% of student aid received by undergraduates and 69% of total graduate student aid. Federal grants constituted 26% of the financial aid on which undergraduate students relied, but only 3% of the aid to graduate students.

FIGURE 2A
Undergraduate Student Aid by Source (in Billions), 2009-10

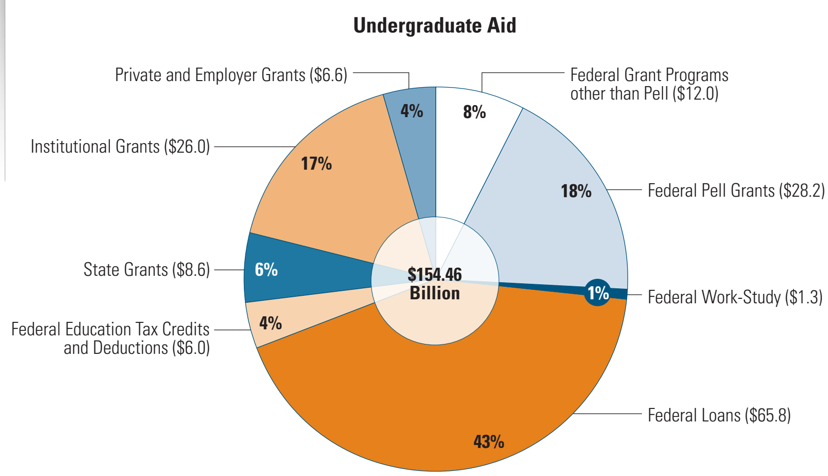
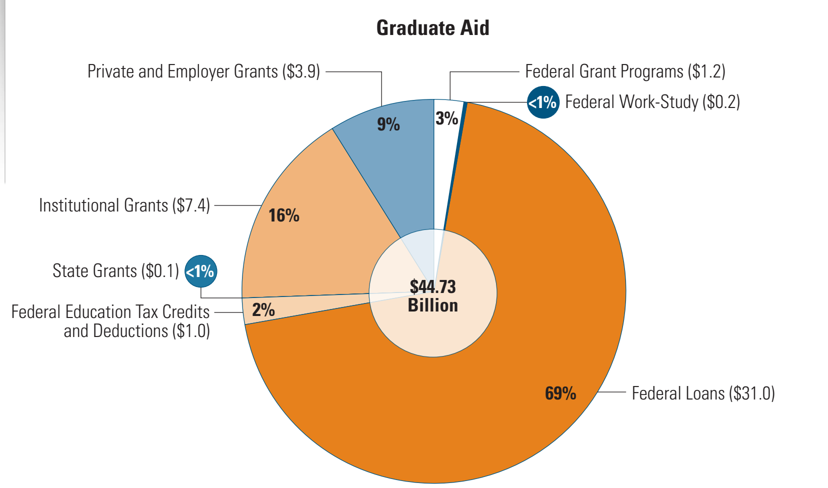


FIGURE 2B
Graduate Student Aid by Source (in Billions), 2009-10



NOTE: Percentages may not sum to 100 because of rounding. See Notes and Sources for a list of programs included in Federal Grant Programs. Nonfederal loans are not included in Figures 2A and 2B because they involve no subsidy of any kind and are not actually a form of financial aid.

SOURCE: Table 1.

- The 17% of undergraduate aid in the form of institutional grants in 2009-10 constituted 32% of all undergraduate grant aid. The federal government provided 49% of undergraduate grant aid.
- The 16% of graduate student aid in the form of institutional grants in 2009-10 constituted 59% of all grant aid for graduate students. Colleges and universities also provided fellowships and assistantships to many graduate students.
- The 9% of graduate student aid in the form of grants from employers and other private sources constituted 31% of all grants to graduate students.

ALSO IMPORTANT:

- In fall 2009, an estimated 13 million (87%) of the 15 million full-time equivalent (FTE) postsecondary students were undergraduates, and 2 million (13%) were graduate students.
- Graduate students include both those enrolled in master's and doctoral programs and those in professional programs in fields such as law and medicine, who are much more dependent on student loans.
- Undergraduate and graduate students are distributed differently across sectors. Forty percent of undergraduate FTE enrollment is in the public four-year sector, 31% in the public two-year sector, 18% in private nonprofit four-year institutions, and 11% in the for-profit sector. Forty-nine percent of graduate FTE enrollment is in the public four-year sector, 42% in private nonprofit four-year institutions, and 9% in the for-profit sector.
- Undergraduate students are considered dependent, with their aid eligibility a function of their own and their parents' financial circumstances, unless they are at least 24 years of age or are orphans or wards of the court, married, veterans, on active duty, or have legal dependents. In contrast, all graduate students are independent for purposes of financial aid, so their eligibility for need-based financial aid depends only on their own income and assets for most programs.

Types of Grants

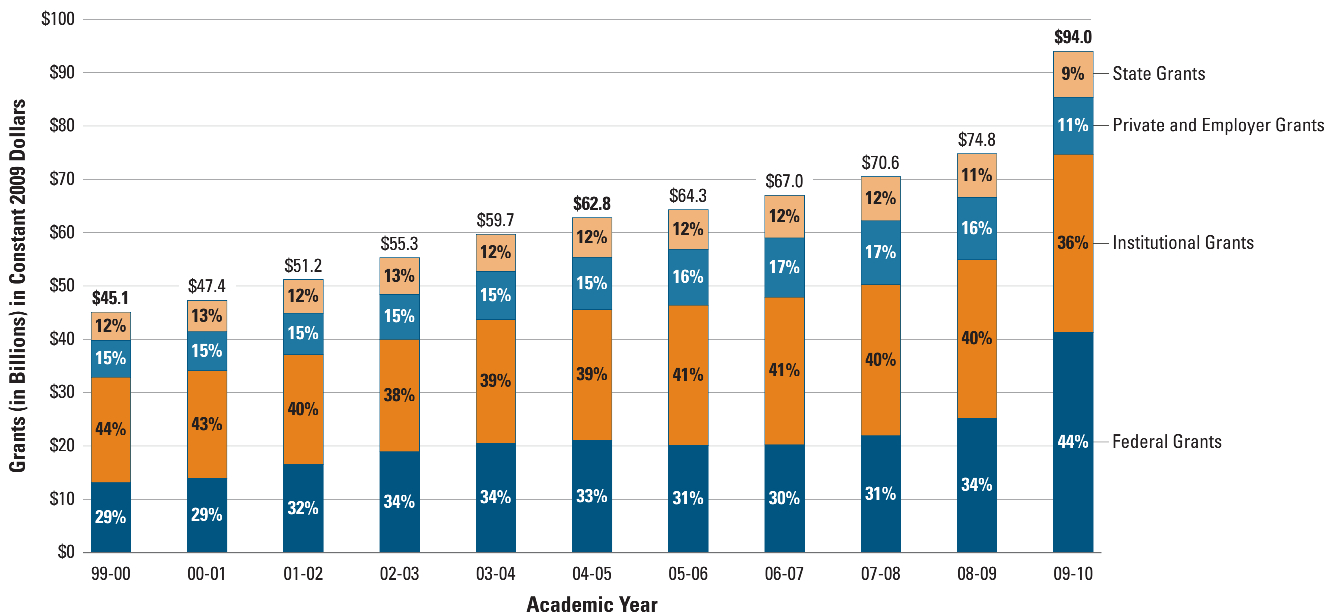
Total grant aid increased from $45.1 billion (in 2009 dollars) in 1999-2000 to $94.0 billion in 2009-10. After adjusting for inflation, federal grant aid was more than three times greater in 2009-10 than a decade earlier.

- Because postsecondary enrollment increased by 39% over the decade, the 110% increase in total grant aid generated a 51% increase in grant dollars per FTE student.
- Federal grant aid increased from 29% of all grants to postsecondary students in 1999-2000 to 33% in 2004-05, 34% in 2008-09, and 44% in 2009-10.
- The growth in both state grant aid and private and employer grants slowed in the second half of the 1999-2000 to 2009-10 decade. In contrast, federal and institutional grants grew more rapidly from 2004-05 to 2009-10 than over the previous five years.

ALSO IMPORTANT:

- Pell Grants increased from 24% of total grant aid in 2008-09 to 30% in 2009-10. Veterans' grants increased from 5% of total grant aid in 2008-09 to 10% in 2009-10.

FIGURE 3 Growth of Federal, Institutional, Private and Employer, and State Grant Dollars in Constant 2009 Dollars, 1999-2000 to 2009-10



NOTE: Percentages may not sum to 100 because of rounding.

SOURCE: Table 1.

Types of Loans

After peaking at 25% of total education loan volume in 2006-07 and 2007-08, nonfederal loans declined to 11% of the total in 2008-09 and 8% of the total in 2009-10.

- Subsidized Stafford Loans, which are available only to students with documented financial need and on which the government pays the interest while the student is in school, constituted 44% of all education loans in 1999-2000. This percentage had declined to 31% by 2006-07, but increased to 35% by 2009-10, as nonfederal loans declined.

- Unsubsidized Stafford Loans, which are available to all students regardless of whether they have financial need, increased by 40% (from $28.3 billion to $39.7 billion) between 2007-08 and 2008-09. As of July 1, 2008, the total annual borrowing limit for Stafford Loans has increased by $2,000, but the increased maximum applies only to unsubsidized loans.

- As of July 1, 2006, graduate students became eligible to borrow under the PLUS program, previously available only to parents of undergraduate students. Unlike parents, students must complete the Free Application for Federal Student Aid (FAFSA) to obtain the loan. The borrowing limit for PLUS Loans is the total cost of attendance less other aid received.

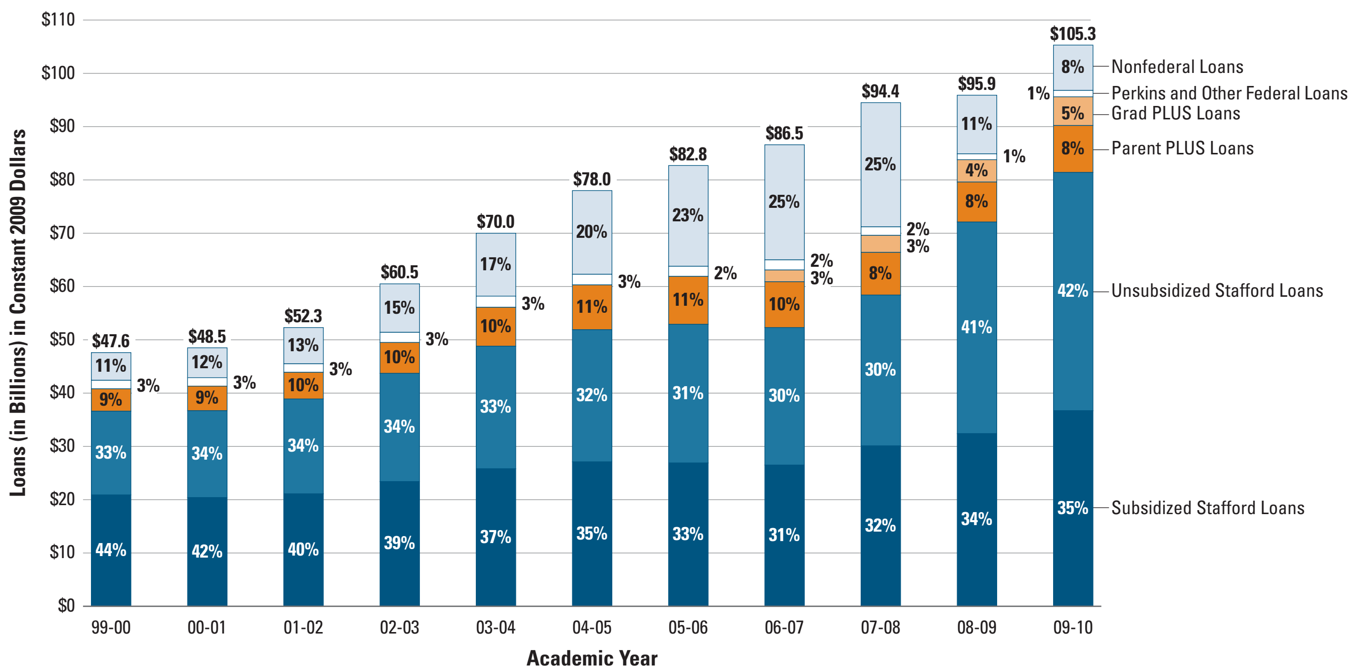
ALSO IMPORTANT:

- For most of the decade, the interest rates on subsidized and unsubsidized Stafford Loans were the same. However, while the rate on unsubsidized loans remains fixed at 6.8%, the rate on subsidized loans declined to 6.0% for loans issued in 2008-09, 5.6% for loans issued in 2009-10, and 4.5% for loans issued in 2010-11.

- As of July 1, 2008, dependent undergraduate students can borrow a maximum of $5,500 in Stafford Loans for the first year of study, $6,500 for the second year, and $7,500 in succeeding years. The annual limit on the subsidized portion of Stafford Loans is $2,000 lower than the overall maximum. Independent undergraduates and dependent undergraduates whose parents do not qualify for PLUS Loans have higher limits for unsubsidized loans. Graduate students can borrow $20,500 per year, a maximum of $8,500 of which is subsidized.

- Aggregate loan limits are $31,000 for dependent undergraduate students and $57,500 for independent undergraduates and dependent undergraduates whose parents do not qualify for PLUS Loans. Graduate and professional students can accumulate a maximum of $138,500 in Stafford Loans for undergraduate and graduate study combined, with a higher limit for medical students.

FIGURE 4 Growth of Stafford, PLUS, and Nonfederal Loan Dollars in Constant 2009 Dollars, 1999-2000 to 2009-10



NOTE: Percentages may not sum to 100 because of rounding.

SOURCE: Table 1.

Federal Aid Recipients

In 2009-10, about 8 million taxpayers benefited from federal education tax credits and deductions and 7.7 million students received Pell Grants. Campus-based student aid programs, which include FSEOG, Federal Work-Study, and Perkins Loans, reached many fewer students.

- Pell Grants aided 7.7 million students in 2009-10, compared to 6.2 million in the preceding year, and more than twice the 3.8 million recipients in 1999-2000.

- In 2009-10, 9% of Pell Grant recipients also received an Academic Competitiveness Grant (ACG), averaging $703 per recipient. About 2% of Pell Grant recipients also received a SMART Grant, averaging $2,597 per recipient.

- FSEOG aided 1.3 million students in 2009-10, compared to 1.2 million in 1999-2000. The average grant decreased from $684 (in 2009 dollars) to $581 over the decade. (FSEOG awards include institutional matching funds in addition to these federal dollars.)

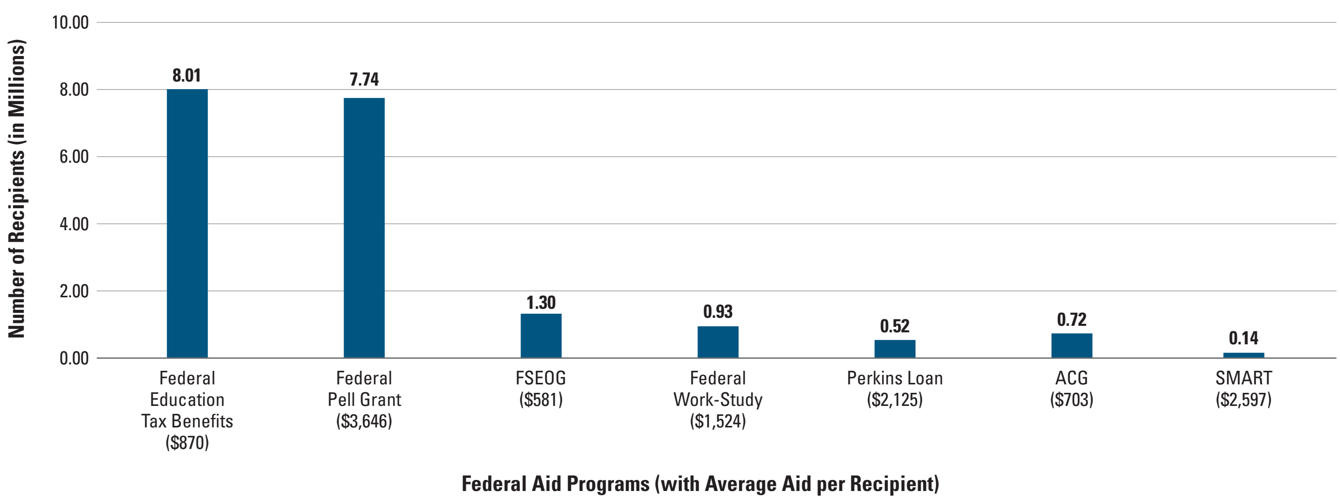
- After declining from 733,000 in 1999-2000 to 677,000 in 2008-09, the number of Federal Work-Study (FWS) recipients increased to 930,000 in 2009-10. This 37% one-year increase was the result of federal stimulus funds provided by the American Recovery and Reinvestment Act of 2009 (ARRA).

- Perkins Loans aided 521,000 students in 2009-10, down from 655,000 a decade earlier, while the average loan per recipient declined from $2,171 to $2,125 in 2009 dollars.

ALSO IMPORTANT

- In 2008-09, 99% of federal financial aid applicants submitted their applications electronically. (*The Federal Pell Grant Program End-of-Year Report*, 2008-09)

FIGURE 5 Number of Recipients of Federal Aid by Program (with Average Aid Received), 2009-10



NOTE: Both undergraduate and graduate students are eligible for tax benefits, Perkins Loans, and Federal Work-Study (FWS). Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), Academic Competitiveness Grants (ACG), and SMART Grants go to undergraduates only. Estimates for 2009 tax benefits are based on data from 2008 and earlier years.

SOURCES: Internal Revenue Service, *Statistics of Income*; Annual Publications, U.S. Department of Education, Office of Postsecondary Education, and the National Student Loan Data System (NSLDS).

Federal Aid Recipients

In 2009-10, 35% of undergraduates took out federal Stafford Loans. Twenty-four percent of students used both subsidized and unsubsidized loans. In other words, almost 70% of all Stafford borrowers had both types of loans — and 80% of subsidized borrowers also had unsubsidized loans.

- Subsidized loans are available only to students with documented financial need, and the government pays the interest on these loans while the student is in school. Unsubsidized Stafford Loans are available to all undergraduate and graduate students.

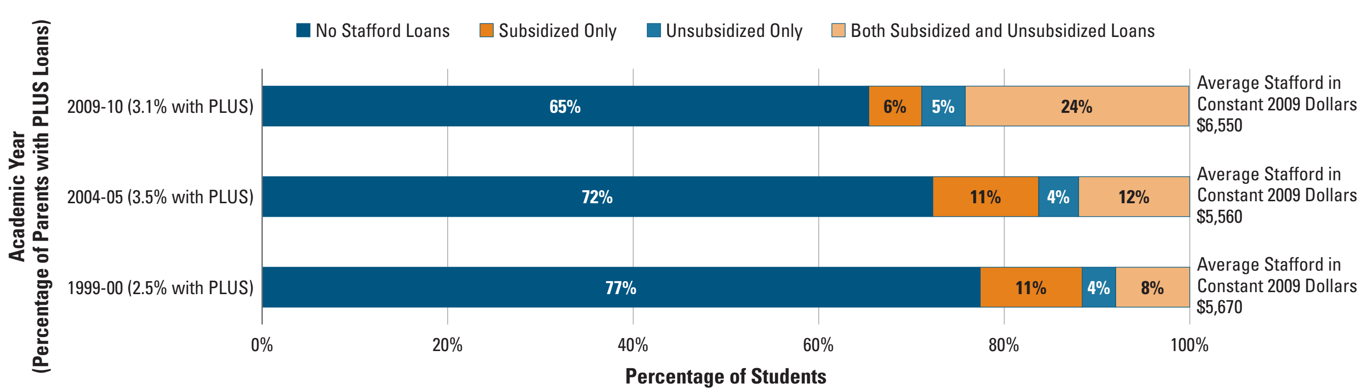
- The percentage of undergraduate students taking out federal Stafford Loans during the academic year increased from 23% in 1999-2000 to 28% in 2004-05 and 35% in 2009-10.

- On average, undergraduate students who took out Stafford Loans borrowed $5,670 (in 2009 dollars) in 1999-2000, $5,560 in 2004-05, and $6,550 in 2009-10.

ALSO IMPORTANT:

- The parents of about 3% of undergraduate students took out PLUS Loans averaging $11,540 in 2009-10.
- Most student borrowers hold loans with a variety of interest rates. Interest rates on unsubsidized Stafford Loans are fixed at 6.8%. The interest rate on subsidized Stafford Loans declined from 6.8% to 6.0% for loans issued in 2008-09, 5.6% in 2009-10, and 4.5% in 2010-11 and is scheduled to declined to 3.4% in 2011-12.
- Subsidized and unsubsidized Stafford Loans carry different repayment protections. For example, under Income-Based Repayment, the government will pay the interest for up to three years for borrowers whose incomes are too low to cover interest payments on their subsidized loans, but this is not the case for unsubsidized Stafford Loans.

FIGURE 6 Percentage of Undergraduate Students Borrowing Federal Stafford Loans, 1999-2000, 2004-05, and 2009-10



NOTE: Based on 12-month unduplicated undergraduate headcount. Total enrollment for 2009-10 is estimated. Percentages may not sum to 100 because of rounding.

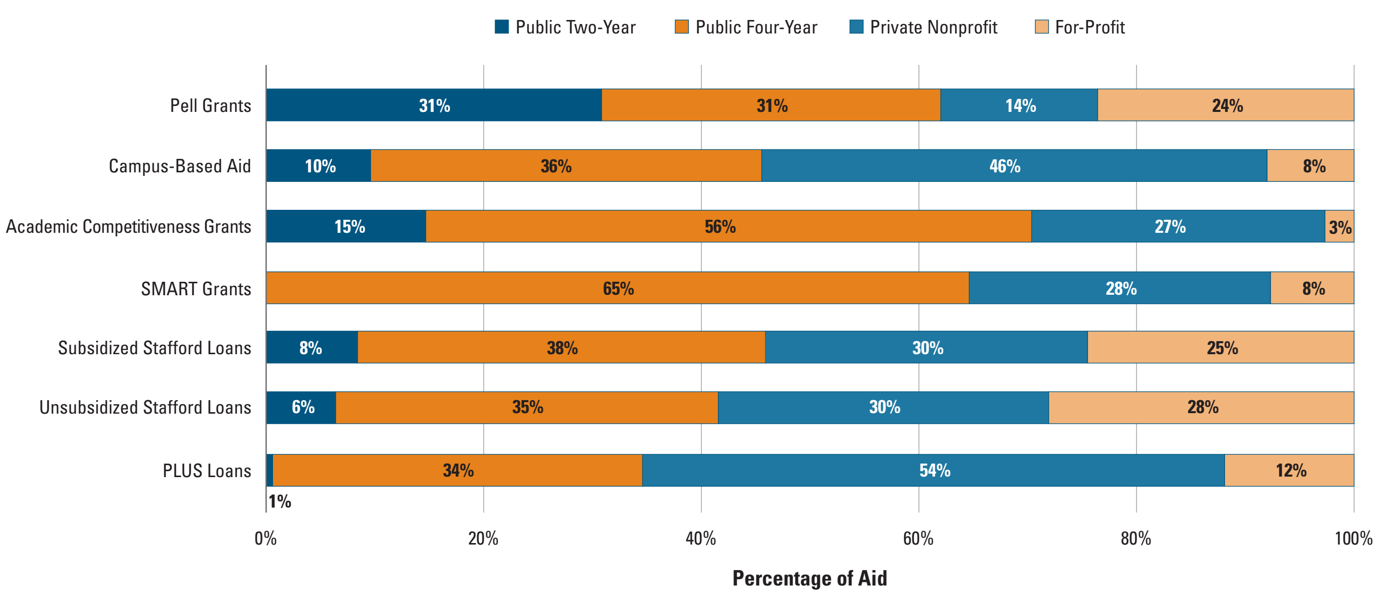
SOURCES: NCES, *Enrollment in Postsecondary Institutions and Financial Statistics* and *Postsecondary Institutions and Price of Attendance in the United States*, Annual Publications, U.S. Department of Education, Office of Postsecondary Education; NSLDS; calculations by the authors.

Federal Aid by Sector

The 31% of all FTE undergraduate students in public two-year colleges received 31% of Pell Grant funds in 2008-09, but much lower percentages of all other forms of federal aid.

- Federal Work-Study, Perkins Loans, and Stafford Loans benefit both undergraduate and graduate students. In 2008-09, the 10% of FTE postsecondary students enrolled in for-profit institutions received 28% of the unsubsidized and 25% of the subsidized Stafford Loans, compared to 6% and 8%, respectively, for the 27% of all FTE students enrolled in public two-year colleges.
- The 21% of FTE postsecondary students enrolled in private nonprofit colleges and universities received 46% of all campus-based aid in 2008-09. Graduate students and parents of undergraduate students in these institutions borrowed 54% of all PLUS Loans.

FIGURE 7 Percentage Distribution of Federal Aid Funds by Sector, 2008-09



NOTE: SMART Grants are available only to students in the third and fourth years of undergraduate study (or the fifth year of a five-year program). Percentages may not sum to 100 because of rounding.

SOURCES: Annual Publications, U.S. Department of Education, Office of Postsecondary Education; NSLDS.

Percentage Distribution of FTE Enrollment, Fall 2008

Institution Type	% of UG FTEs	% of Total FTEs
Public Four-Year	40%	41%
Private Nonprofit	18%	21%
Public Two-Year	31%	27%
For-Profit	11%	10%

NOTE: FTE enrollment is the sum of full-time enrollment and 1/3 of part-time enrollment. Total FTE students include both graduate and undergraduate students. The 1% of undergraduate FTE and total FTE students in public and private nonprofit less-than-two-year institutions are not included in the table. Private nonprofit includes both two-year and four-year students.

SOURCES: NCES, unpublished data provided by *IPEDS* staff.

Total Grants and Total Loans

Between 2008-09 and 2009-10, grants increased from 47% to 50% of the total financial aid from all sources plus nonfederal loans that undergraduate students used to finance their education.

FIGURE 8A
Grants and Loans as a Percentage of Funds from Total Aid and Nonfederal Loans for Undergraduate Students, 1994-95 to 2009-10

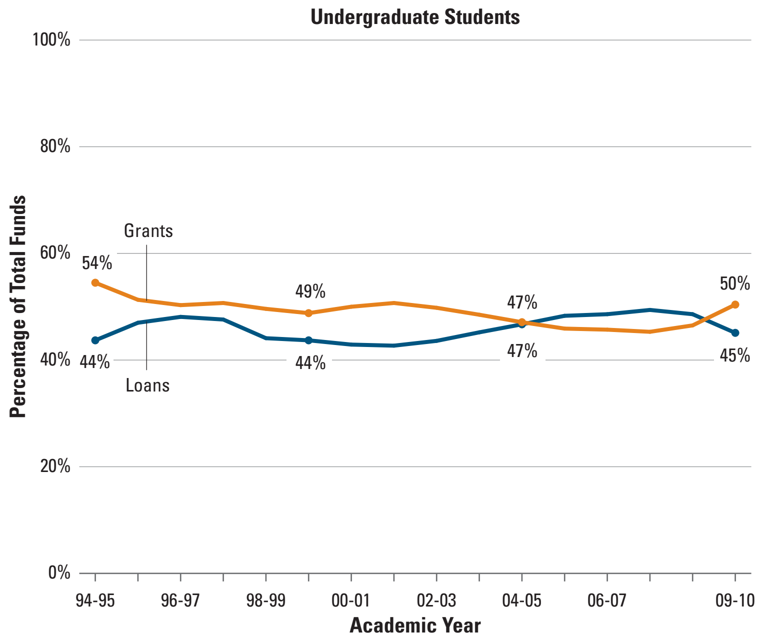
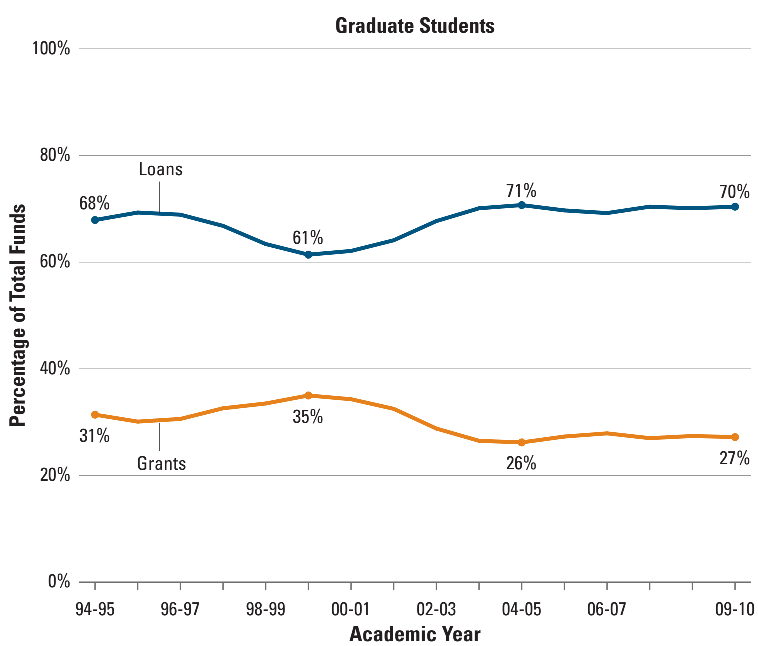


FIGURE 8B
Grants and Loans as a Percentage of Funds from Total Aid and Nonfederal Loans for Graduate Students, 1994-95 to 2009-10



- Total undergraduate grant aid increased by 26%, from $64.5 billion to $81.4 billion from 2008-09 to 2009-10. Undergraduate borrowing increased by 8%, from $67.3 billion to $72.8 billion. Other forms of financial aid increased by 6%, not adjusting for inflation.
- Grant aid constituted 27% to 29% of the funds from all sources of financial aid plus nonfederal loans that graduate students used to finance their education every year from 2002-03 through 2009-10.
- Total graduate grant aid increased by 5%, from $12.0 billion to $12.6 billion from 2008-09 to 2009-10. Graduate borrowing increased by 6%, from $30.6 billion to $32.5 billion. Other forms of financial aid increased by 5%, not adjusting for inflation.

ALSO IMPORTANT:

- The relative stability of the ratio of grants to loans in recent years indicates that loans have not *replaced* grants in funding postsecondary education. Rather, grant aid often fails to increase rapidly enough to fill the growing gap between the costs of attending college and graduate school and student and family ability to pay those costs.

Percentages in Figures 8A and 8B are shown as a portion of the total amount of postsecondary funding described in Table 1, including nonfederal loans in addition to financial aid (grants, federal loans, tax credits and deductions, and Federal Work-Study). In addition to the sources included here, students rely on funds from their families and from their own earnings and savings; they also borrow from other sources. Graduate students also receive fellowships and research assistantships, which are considered compensation.

SOURCE: http://trends.collegeboard.org, tables 4a and 4b.

Student Debt

Among dependent students graduating from public and private nonprofit four-year institutions in 2007-08, those from low-income families borrowed only slightly more than those from middle-income families.

- In the public and private nonprofit four-year sectors, students from families with incomes above $120,000 are less likely to borrow, and when they do borrow, they accumulate less debt than dependent students from less affluent families.

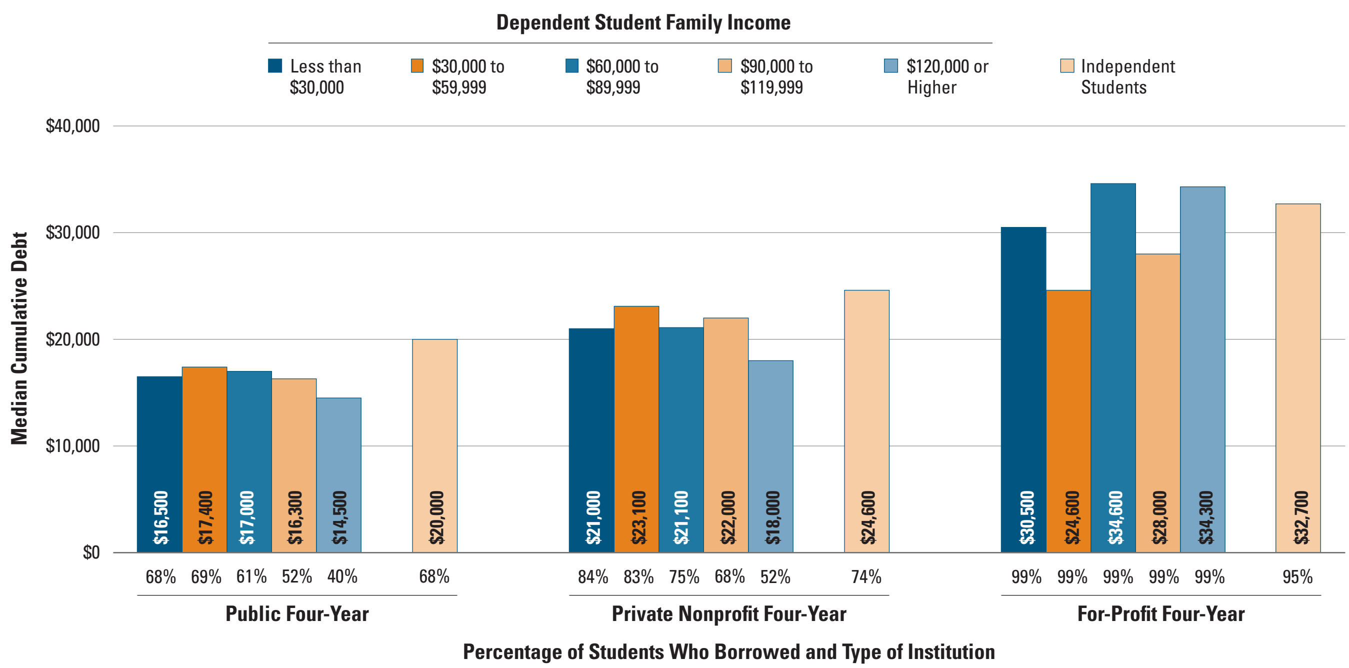
- Almost all students who earn four-year degrees from for-profit institutions graduate with debt. Median debt levels range from $24,600 for dependent students from families with incomes between $30,000 and $60,000, to $34,600 for those from families with incomes between $60,000 and $90,000.

- Eighty-eight percent of 2007-08 bachelor's degree recipients in the for-profit sector were independent students. The median total student debt of the 95% who borrowed was $32,700.

ALSO IMPORTANT:

- Students from families with incomes below $30,000 represented 13% of public four-year college bachelor's degree recipients and 11% of private nonprofit college graduates in 2007-08, but 25% of graduates of for-profit institutions.
- Students from families with incomes above $120,000 represented 24% of public four-year college bachelor's degree recipients and 32% of private nonprofit college graduates in 2007-08, but only 12% of graduates of for-profit institutions.

FIGURE 9 Median Debt Levels of 2007-08 Bachelor's Degree Recipients Who Borrowed and Percentage with Debt, by Dependency Status, Family Income, and Type of Institution



Total debt includes both federal and nonfederal student loan debt, excluding parent loans. Median debt levels are for borrowers only. The percentage at the bottom of each bar is the percentage of graduates in the specified category who graduated with student loan debt.

SOURCES: *NPSAS*, 2008; calculations by the authors.

Student Debt

The $19,800 average debt among the 55% of 2008-09 public college bachelor's degree recipients who borrowed was only slightly higher than the 1999-2000 average. However, 65% of 2008-09 private nonprofit bachelor's degree recipients had an average student loan debt of $26,100, an increase from 63% with an average debt of $22,300 (in 2009 dollars) in 1999-2000.

FIGURE 10A

Average Total Debt Levels of Bachelor's Degree Recipients, Public Four-Year Colleges and Universities, in Constant 2009 Dollars, 1999-2000 to 2008-09

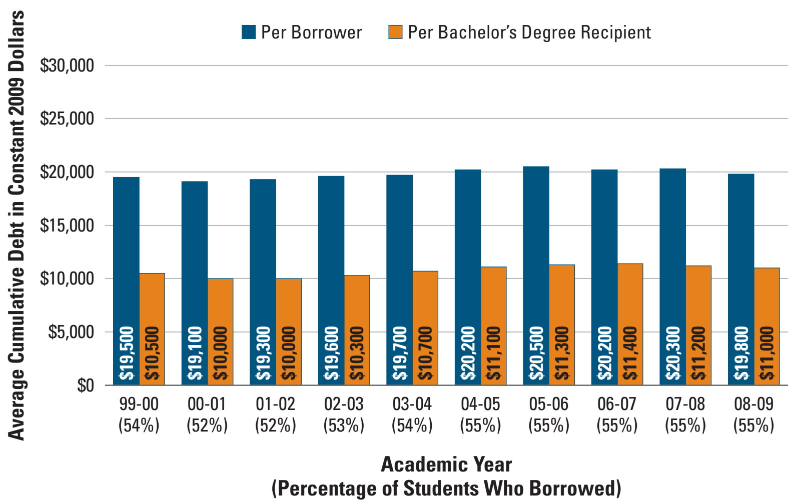
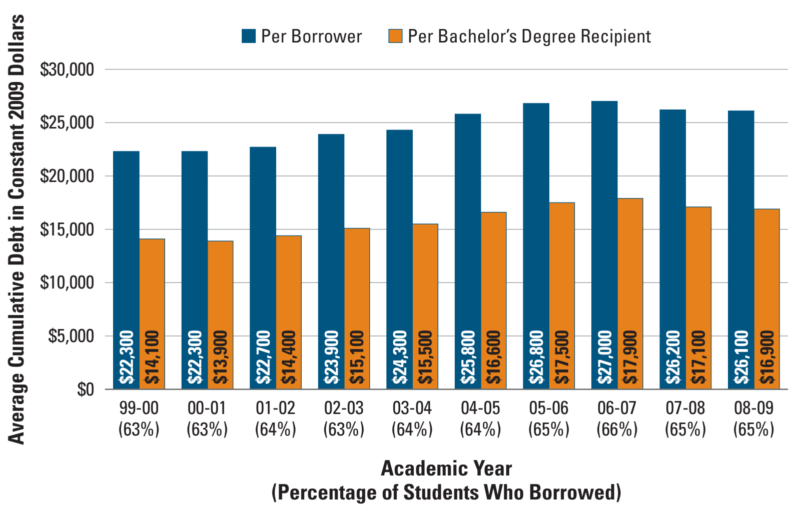


FIGURE 10B

Average Total Debt Levels of Bachelor's Degree Recipients, Private Nonprofit Four-Year Colleges and Universities, in Constant 2009 Dollars, 1999-2000 to 2008-09



The blue bars represent the average debt levels of bachelor's degree recipients who relied on student loans. The orange bars represent average debt per degree recipient, including those who graduated without student debt. The percentages along the base of the axis represent the percentage of students who borrowed.

NOTE: Debt figures include both federal loans and loans from nonfederal sources that have been reported to the institutions, based on institutional reporting of aggregate debt figures. The data are not adequate to allow comparable calculations for for-profit institutions. Debt figures are based on institutional reporting to the College Board and are best approximations. Exact dollar amounts differ from estimates from other sources and should be interpreted with caution.

SOURCES: *Annual Survey of Colleges*, 2001 to 2010; calculations by the authors.

- In each year from 1999-2000 to 2008-09, 52% to 55% of public college bachelor's degree recipients graduated with student loan debt, while 45% to 48% did not borrow to finance their education.
- When the total student loan debt of bachelor's degree recipients is divided across all graduates, including those who did not borrow, average debt levels at public four-year colleges ranged from $10,000 (in 2009 dollars) in 2000-01 and 2001-02 to $11,400 in 2006-07.
- In each year from 1999-2000 to 2008-09, 63% to 66% of private nonprofit bachelor's degree recipients graduated with student loan debt, while 34% to 37% did not borrow to finance their education.
- When the total debt of bachelor's degree recipients is divided across all graduates, including those who did not borrow, average student loan debt levels at private nonprofit four-year colleges ranged from $13,900 in 2000-01 (in 2009 dollars) to $17,900 in 2006-07.
- Because borrowing has increased more rapidly in private than in public colleges, the average debt level of public four-year college graduates who borrowed declined from 87% of the average debt level of private nonprofit four-year college graduates who borrowed in 1999-2000 to 76% in 2008-09.
- Debt per public college bachelor's degree recipient declined from 74% of debt per private college bachelor's degree recipient in 1999-2000 to 65% in 2008-09.

ALSO IMPORTANT:

- As Figure 9 reveals, students who earn their bachelor's degrees at for-profit institutions are more likely to borrow than those who attend public and private nonprofit colleges, and those who borrow accumulate higher average levels of debt.

Total Aid per Full-Time Equivalent Student

FIGURE 11A
Average Aid per Undergraduate FTE in Constant 2009 Dollars, 1994-95 to 2009-10

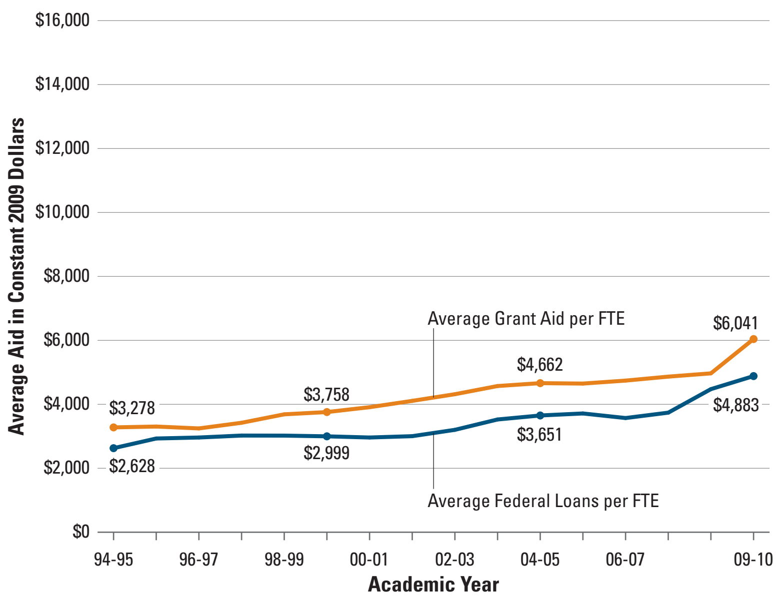
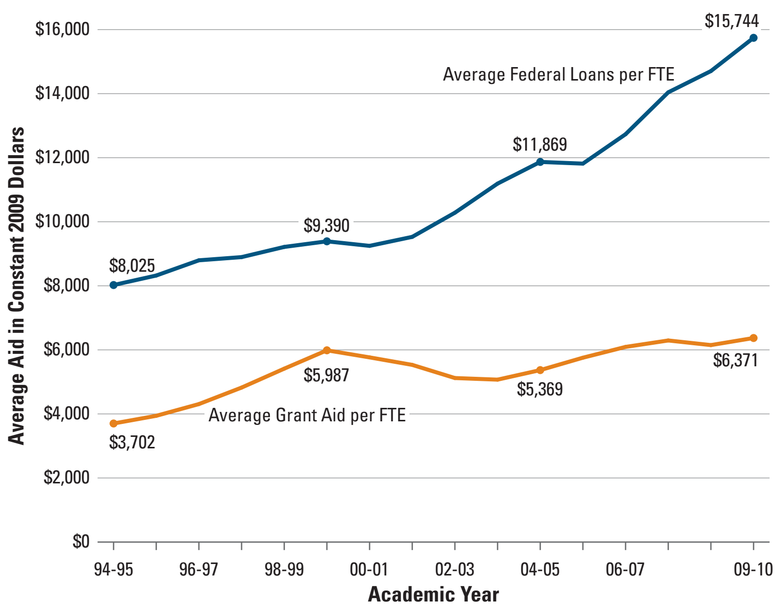


FIGURE 11B
Average Aid per Graduate FTE in Constant 2009 Dollars, 1994-95 to 2009-10



SOURCE: http://trends.collegeboard.org, tables 3a and 3b.

In 2009-10, undergraduate students received an average of $11,461 in aid per full-time equivalent (FTE) student, including $6,041 in grants from all sources and $4,883 in federal loans. Graduate students received an average of $22,697 in aid per FTE, including $6,371 in grants and $15,744 in federal loans.

- Total grant aid per full-time equivalent (FTE) undergraduate student increased at an average rate of 2.8% per year in inflation-adjusted dollars from 1994-95 to 1999-2000, 4.4% per year from 1999-2000 to 2004-05, and 5.3% per year from 2004-05 to 2009-10.

- Federal loans per FTE undergraduate student increased at an average rate of 2.7% per year in inflation-adjusted dollars from 1994-95 to 1999-2000, 4.0% per year from 1999-2000 to 2004-05, and 6.0% per year from 2004-05 to 2009-10.

- Total grant aid per FTE graduate student increased at an average rate of 10.1% per year in inflation-adjusted dollars from 1994-95 to 1999-2000, decreased by 2.2% per year from 1999-2000 to 2004-05, and increased by 3.5% per year from 2004-05 to 2009-10.

- Federal loans per FTE graduate student increased at an average rate of 3.2% per year in inflation-adjusted dollars from 1994-95 to 1999-2000, 4.8% per year from 1999-2000 to 2004-05, and 5.8% per year from 2004-05 to 2009-10.

Education Tax Credits and Tuition Deductions

FIGURE 12A

Percentage Distribution of Education Tax Credits, by Adjusted Gross Income (AGI), 2008 (and Average Tax Savings per Recipient)

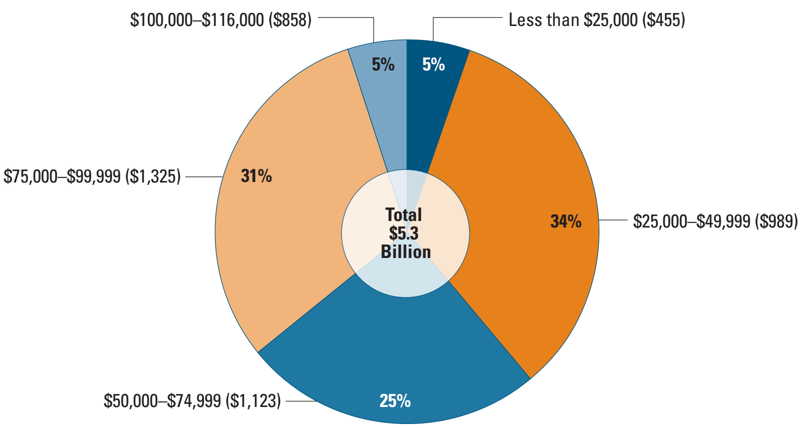
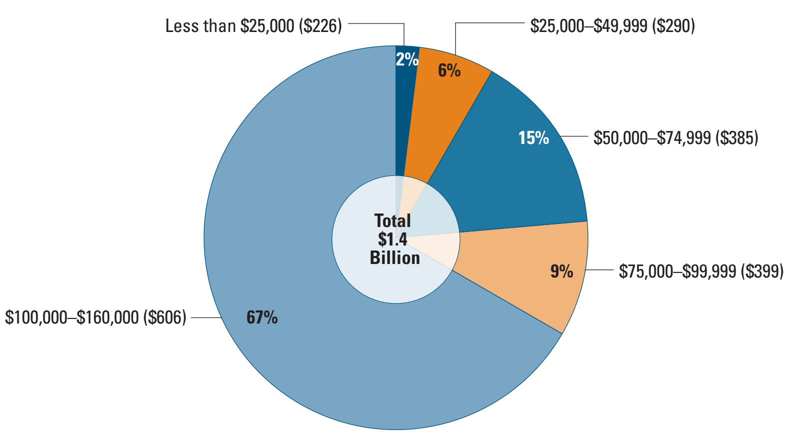


FIGURE 12B

Percentage Distribution of Savings from Tuition Tax Deduction, by Adjusted Gross Income (AGI), 2008 (and Average Tax Savings per Recipient)



NOTE: Only tax credits and deductions claimed on taxable income tax returns are included. The value of tax deductions is estimated based on applicable marginal tax rates. Available data do not allow separation of independent students from parents of dependent students claiming tax credits and deductions. Percentages may not sum to 100 because of rounding.

SOURCES: Internal Revenue Service, *Statistics of Income,* http://www.irs.gov/taxstats/indtaxstats/article/0,,id=134951,00.html, Tables 1.3, 1.4, 3.3 (2008); calculations by the authors.

While 90% of the education tax credits go to taxpayers with an adjusted gross income (AGI) between $25,000 and $100,000, two-thirds of the savings from the tuition tax deduction go to taxpayers with an AGI above $100,000.

- In 2008, 5.2 million parents and students were granted about $5.3 billion in Hope and Lifetime Learning tax credits. The federal tuition and fee tax deduction reduced tax liabilities for 2.9 million taxpayers by a total of about $1.4 billion, based on $6.5 billion of tuition expenses.

- Unlike most other forms of student aid, tax credits and deductions cover only tuition and fees, not room and board. As of 2009, education tax credits take into account expenses for course materials in addition to tuition and fees.

- In 2008, education tax credits, available to joint filers with incomes of up to $116,000, could not exceed the amount of tax owed. About 30% of the credits claimed were on returns that owed no tax and therefore generated no benefit. The American Recovery and Reinvestment Act of 2009 (ARRA) expanded the tax credits into the American Opportunity Credit, which is partially refundable for filers with no tax liability.

- Tax deductions, available to joint filers with incomes of up to $160,000, have a bigger impact on people with higher incomes who are subject to higher marginal income tax rates. In 2008, about 41% of the deductions claimed were on returns that owed no tax and therefore generated no benefit.

ALSO IMPORTANT

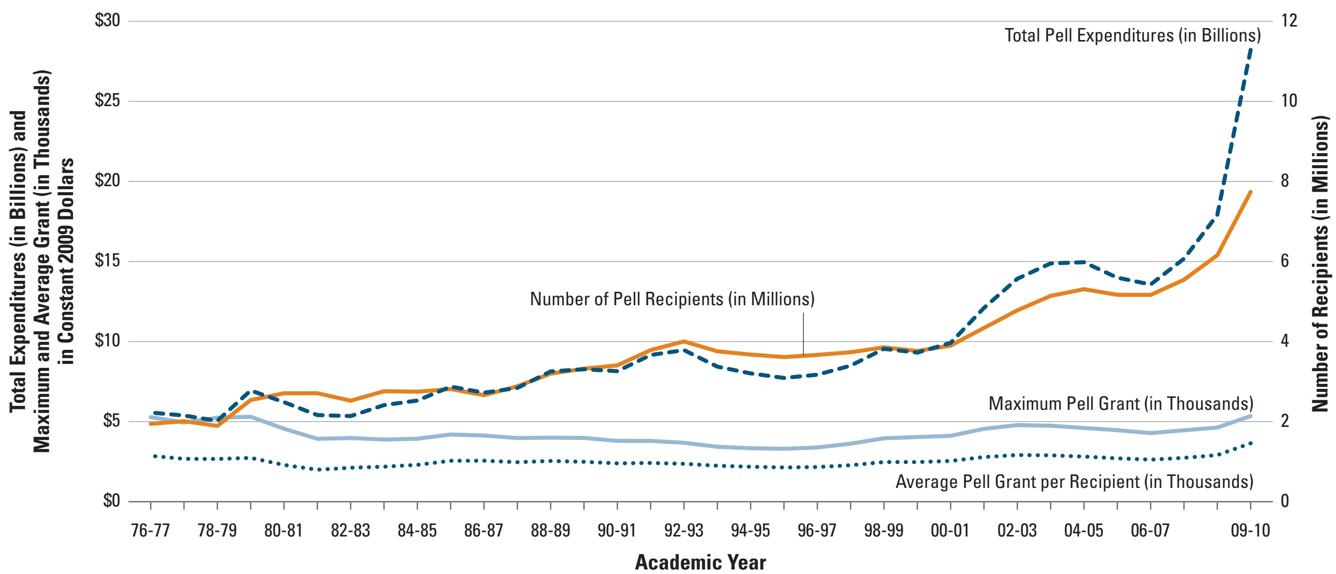
- The federal government also allows a tax deduction for interest paid on student loans. In 2008, 7.3 million taxpayers with taxable returns deducted $6.3 billion in student loan interest, generating over $1 billion in savings.

- Other significant subsidies to students through the tax code include the personal exemption allowed for students ages 19 and over, which saved parents about $4.7 billion in 2008, and the excludability of tuition assistance from employers, which saved students about $650 million. (*Analytical Perspectives, Budget of the U.S. Government, FY 2010*, http://www.gpoaccess.gov/usbudget/fy10/pdf/spec.pdf, Table 19.1)

Pell Grants

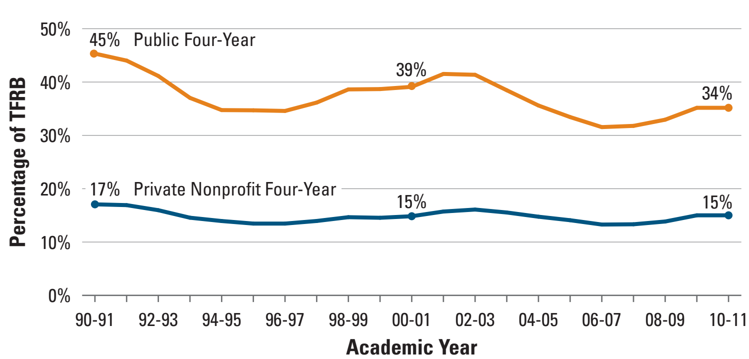
Between 2008-09 and 2009-10, a 26% increase in the number of Pell Grant recipients and a 25% increase in the average grant per recipient (after adjusting for inflation) combined to create a 58% increase in total Pell Grant expenditures.

FIGURE 13A Total Pell Expenditures (in Billions), Maximum Pell Grant and Average Pell Grant in Constant 2009 Dollars (in Thousands), and Number of Recipients (in Millions), 1976-77 to 2009-10



SOURCES: *The Federal Pell Grant Program End-of-Year Report*, 2008-09; projections from the U.S. Department of Education, Office of Postsecondary Education.

FIGURE 13B
Maximum Pell Grant as a Percentage of Tuition and Fees and Room and Board (TFRB), 1990-91 to 2010-11



SOURCES: *Trends in College Pricing*, The College Board; *The Federal Pell Grant Program End-of-Year Report*, 2008-09; projections from the U.S. Department of Education, Office of Postsecondary Education.

- Total federal Pell Grant expenditures increased from $6.9 billion (in 2009 dollars) in 1979-80 to $8.3 billion in 1989-90, $9.3 billion in 1999-2000, and $28.2 billion in 2009-10.
- In 2008-09, 25% of Pell Grant recipients received the maximum Pell Grant of $4,731. The average Pell Grant that year was $2,971. In 2009-10, when the maximum Pell Grant was $5,350, the average grant was $3,646.
- The maximum Pell Grant for the 2010-11 academic year is $5,550. This amount covers 34% of the average published tuition, fees, room, and board at a public four-year college or university and 15% of average published charges at a private nonprofit four-year institution.

ALSO IMPORTANT

- The American Recovery and Reinvestment Act of 2009 provided $17.1 billion in funding for Pell Grants. (http://www2.ed.gov/policy/gen/leg/recovery/implementation.html)

Pell Grants

FIGURE 14A
Percentage Distribution of Pell Grant Recipients by Family Income and Dependency Status, 2008-09

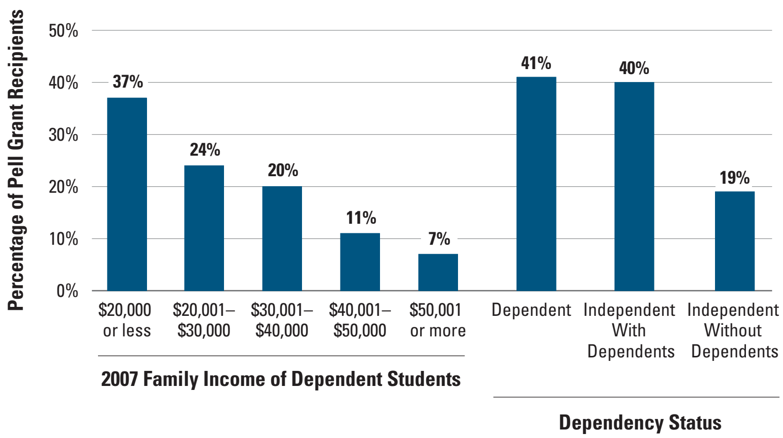
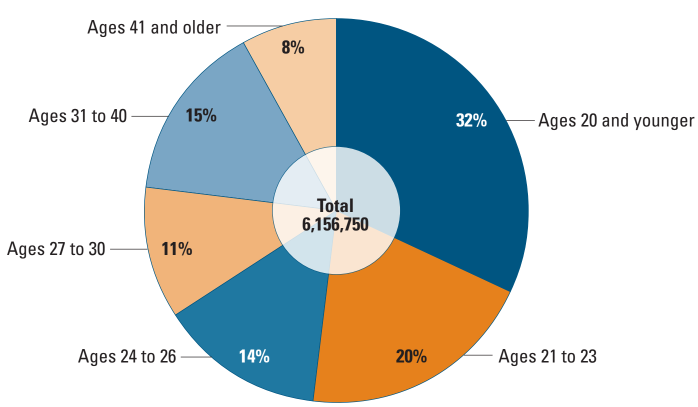


FIGURE 14B
Percentage Distribution of Pell Grant Recipients by Age, 2008-09



NOTE: Percentages may not sum to 100 because of rounding.

SOURCE: *The Federal Pell Grant Program End-of-Year Report*, 2008-09.

In 2008-09, 41% of Pell Grant recipients were dependent students, and 61% of this group came from families with incomes of $30,000 or less.

- Students who are 24 years of age or older, are married, have dependents, are veterans or on active military duty, or are orphans or wards of the court are considered independent. Their eligibility for federal student aid depends on their own resources and those of their spouses, but not their parents. Forty percent of 2008-09 Pell Grant recipients were independent students with dependents of their own, and 19% were independent without dependents.
- In 2008-09, almost one-quarter of all Pell Grant recipients were over the age of 30.

ALSO IMPORTANT

- In 2007-08, 53% of all undergraduates were dependent, compared to 42% of Pell Grant recipients. (*NPSAS*, 2008)
- In 2008-09, 86% of Pell Grant recipients were enrolled full-time. (*The Federal Pell Grant Program End-of-Year Report*, 2008-09)
- In 2007-08, 33% of full-time and 24% of part-time undergraduate students received Pell Grants. Pell Grant recipients included 25% of dependent students and 58% of independent students.
- In 2007-08, 82% of dependent undergraduate students from families with incomes below $20,000 received Pell Grants, as did 74% of those from families with incomes between $20,000 and $39,999 and 31% of those from families with incomes between $40,000 and $59,999. Virtually no students from families with higher incomes received Pell Grants. (NCES, *Financial Aid Estimates for 2007-08*, April 2009)

State Grants

The percentage of state grant dollars for undergraduate students distributed without regard to students' financial circumstances increased from 11% in 1988-89 to 19% in 1998-99, 26% in 2003-04, and 28% in 2008-09.

- Between 1988-89 and 1998-99, state grant aid per student increased by 46% after adjusting for inflation, from $353 to $517 in 2009 dollars.

- Between 1998-99 and 2008-09, state grant aid per student increased by 28% after adjusting for inflation, from $517 to $662 in 2009 dollars.

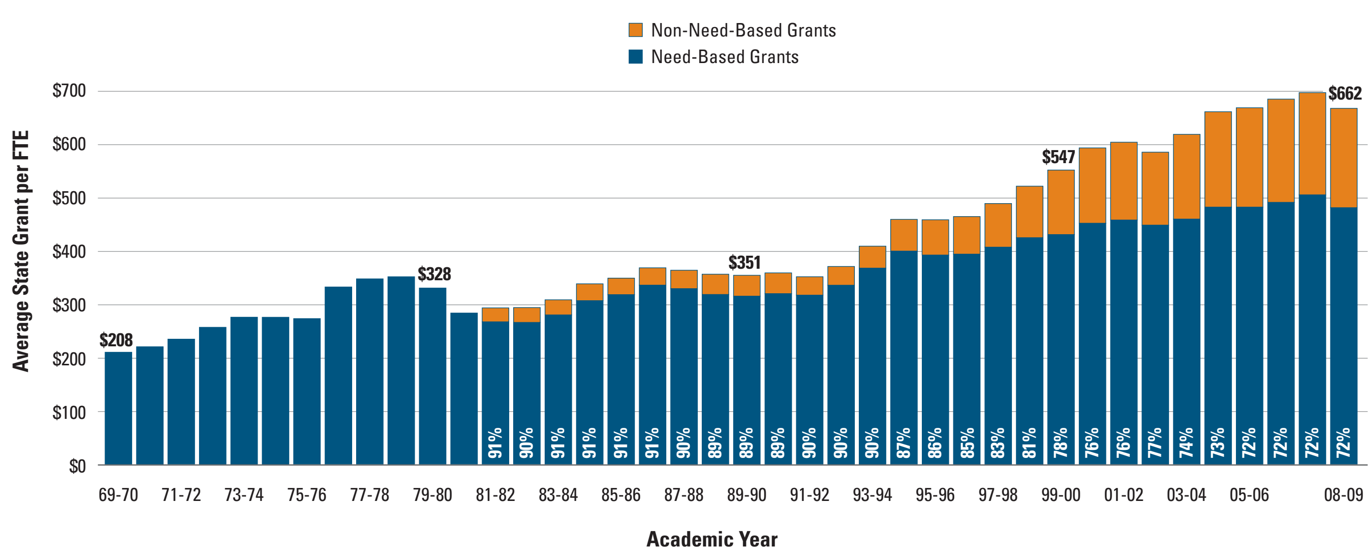
- From 1998-99 to 2003-04, state need-based grant aid per student increased by $35 (8%) in 2009 dollars. Non-need-based grants increased by $62 per student (64%).

- From 2003-04 to 2008-09, state need-based grant aid per student increased by $21 (5%) in 2009 dollars. Non-need-based grants increased by $27 per student (17%).

ALSO IMPORTANT

- Some states rely solely on need-based grant aid. Others rely primarily or exclusively on merit-based aid. In 2008-09, New York, Oregon, Pennsylvania, Rhode Island, Wisconsin, and Wyoming allocated 95% or more of their state grants based on need alone. (*NASSGAP Survey*, Table 8)
- In 2008-09, Georgia and North Dakota allocated more than 90% of their state grants without regard to financial need.

FIGURE 15 Need-Based and Non-Need-Based State Grants per Full-Time Equivalent (FTE)Undergraduate Student in Constant 2009 Dollars, 1969-70 to 2008-09



Percentages displayed represent percentage of total state grant aid in each year that was need-based.

NOTE: Need-based aid includes any grants for which financial circumstances contribute to eligibility. Non-need-based aid refers to grants for which financial circumstances have no influence on eligibility.

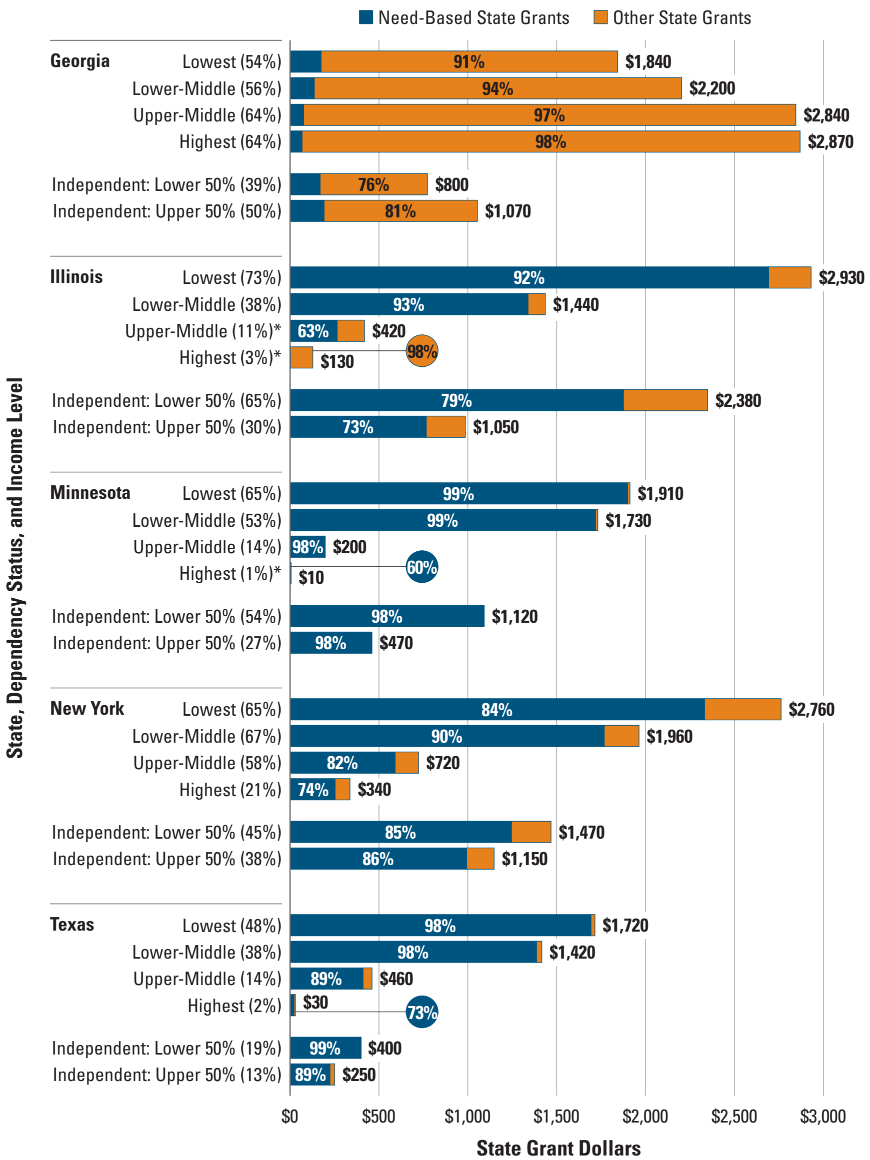
SOURCES: *National Association of State Student Grant and Aid Programs (NASSGAP) Survey*, 2010; *Digest of Education Statistics 2009*, Table 205.

State Grants

State grant policies differ considerably across the nation. In Georgia, where almost all state grant aid is based on academic qualifications, average aid to the highest-income students is higher than aid to lower- and middle-income students. In Illinois, Minnesota, New York, and Texas, where most grant aid is need-based, the highest-income students get very small amounts of state grant aid.

FIGURE 16

State Grant Dollars per Full-Time In-State Undergraduate Student and Percentage Receiving State Grants, by Dependency Status and Income, Selected States, 2007-08



- In 2007-08, Georgia considered financial circumstances in the distribution of 5% of its grants to dependent students and 22% of its grants to independent students. For Illinois, these figures were 86% and 78%, respectively. Virtually all state grants in Minnesota and Texas, and 85% of those in New York state, were need-based.
- In Georgia, the average state grant per full-time dependent student from the lowest family-income quartile was 75% of the amount received by the average full-time student in 2007-08. The average student from the highest family-income quartile received about 16% more in state grant aid than the overall average.
- In Illinois, Minnesota, New York, and Texas, average grant aid per independent student was highest for the lowest-income students. In Georgia, independent students with incomes below $22,100 received state grant aid of, on average, $800, compared to $1,070 for those with higher incomes.

ALSO IMPORTANT:

- About half of all in-state undergraduates in Georgia receive state grant aid. This compares to 33% in New York, 26% in Minnesota, 18% in Illinois, and 12% in Texas. (NCES, *Undergraduate Financial Aid Estimates for Six States: 2007-08*, 2010)
- The Georgia Hope Scholarship program supports Georgia students who meet specific academic requirements and enroll in Georgia institutions. Several studies have shown that the simplicity and clarity of the program, which is widely understood among elementary and secondary school students, increase college enrollment in the state.

The full length of each bar shows average total state grant dollars per student. The blue segment of the bar shows the portion of the total that is allocated based on financial need. The orange segment of the bar shows the portion of the total that is distributed without regard to financial circumstances. The percentage of students in the specified category receiving any state grant is in parentheses on the axis.

* Small sample size. Interpret with caution.

NOTE: Includes only students enrolled full-time, full-year at one institution. Income quartiles are determined separately for each state and, for dependent students, are based on the family incomes of students who are residents of the states attending in-state public and private institutions; for independent students, they are based on the incomes of these students and their spouses. Upper limits for lowest, 2nd, and 3rd quartiles for dependent students are: GA — $30,800, $61,400, $104,100; IL — $37,700, $67,000, $105,300; MN — $43,000, $72,300, $105,200; NY — $29,300, $56,400, $97,800; TX — $32,500, $61,800, $103,200. For independent students, lower incomes are up to: GA — $22,100; IL — $30,700; MN — $28,100; NY — $25,000; TX — $24,300. Average grants are for all students, including both recipients and nonrecipients. Selected states are those for which *NPSAS* provides reliable state estimates of institutional grants.

SOURCES: *NPSAS*, 2008; calculations by the authors.

Institutional Grant Aid — Public Institutions

Institutional grants that meet financial need increased much more rapidly than other financial aid at public four-year colleges and universities over the decade from 1999-2000 to 2009-10. These grants increased from 28% to 42% of total institutional discounts.

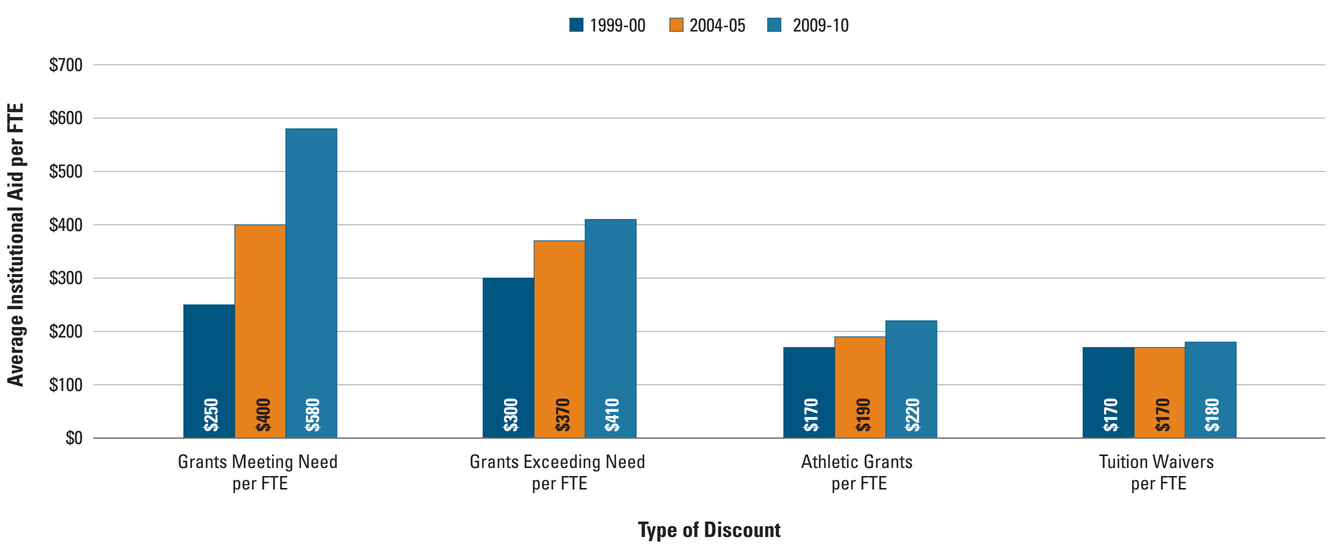
- The $410 average grant per full-time equivalent (FTE) student that exceeded financial need in 2009-10 at public four-year colleges went to students who, according to the need analysis methodology, could afford to pay the total cost of attendance without aid, or who had other aid that met their measured need.

- Tuition waivers may be based on either state or institutional policies and are generally awarded to special categories of students such as veterans, foster children, or displaced workers. Many of these individuals have financial need, as do many recipients of athletic grants.

ALSO IMPORTANT:

- Institutional policies may contribute to the increase in the percentage of institutional grant aid that meets need, but that increase is at least partially caused by a combination of rising tuition and the impact of the recession on employment and family incomes.
- In 2007-08, about a quarter of public four-year colleges and universities discounted their tuition by less than 8%, while at the other end of the spectrum, about a quarter discounted their tuition by 24% or more. (Baum, Lapovsky, and Ma, *Tuition Discounting*, The College Board, 2010)
- In 2007-08, 15% of all undergraduates at public nondoctoral and 26% of all undergraduates at public doctoral four-year institutions received institutional grants. (NCES, *NPSAS Student Financial Aid Estimates*, 2009)

FIGURE 17A Institutional Grant Aid at Public Four-Year Colleges and Universities in Constant 2009 Dollars, 1999-2000, 2004-05, and 2009-10



NOTE: Both grants awarded based on need and grants awarded without regard to financial circumstances that serve to meet documented need are considered "meeting need." The scale for Figure 17A is one-tenth of the scale for Figure 17B.

SOURCES: *Annual Survey of Colleges*, 2000–2010; calculations by the authors.

Institutional Grant Aid — Private Institutions

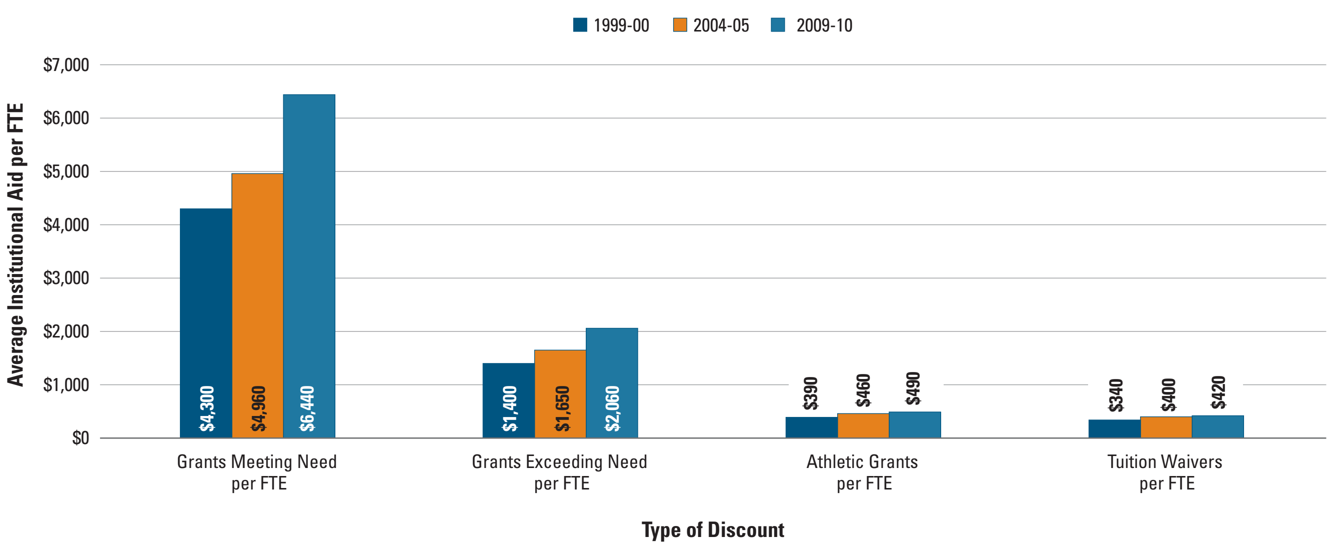
Over two-thirds of institutional grant aid at private nonprofit four-year colleges and universities helps meet the financial need of students who could not otherwise afford to enroll. Another 10% is in the form of athletic awards or tuition waivers.

- The terms institutional grant aid, scholarships, and tuition discounts all refer to subsidies awarded to selected students that diminish the amount of tuition and fees they are required to pay.
- In 2009-10, private nonprofit four-year institutions awarded an average of $6,440 per FTE student in grant aid meeting need and $2,060 in aid that exceeded financial need. This compares to $580 and $410, respectively, at public four-year institutions.
- Athletic grants and tuition waivers account for a small percentage of the discounts awarded by private nonprofit colleges and universities.

ALSO IMPORTANT:

- As the cost of attending college rises more rapidly than family incomes, more students have financial need and more of the aid distributed for purposes other than meeting need ends up meeting need.
- In 2007-08, about a quarter of private nonprofit four-year colleges and universities discounted their tuition by less than 25%, while at the other end of the spectrum, about a quarter discounted their tuition by 41% or more. (Baum, Lapovsky, and Ma, *Tuition Discounting*, The College Board, 2010)
- In 2007-08, 52% of all undergraduates at private nondoctoral and at private doctoral institutions received institutional grants. (NCES, *NPSAS Student Financial Aid Estimates*, 2009)

FIGURE 17B Institutional Grant Aid at Private Nonprofit Four-Year Colleges and Universities in Constant 2009 Dollars, 1999-2000, 2004-05, and 2009-10



NOTE: Both grants awarded based on need and grants awarded without regard to financial circumstances that serve to meet documented need are considered "meeting need." The scale for Figure 17A is one-tenth of the scale for Figure 17B.

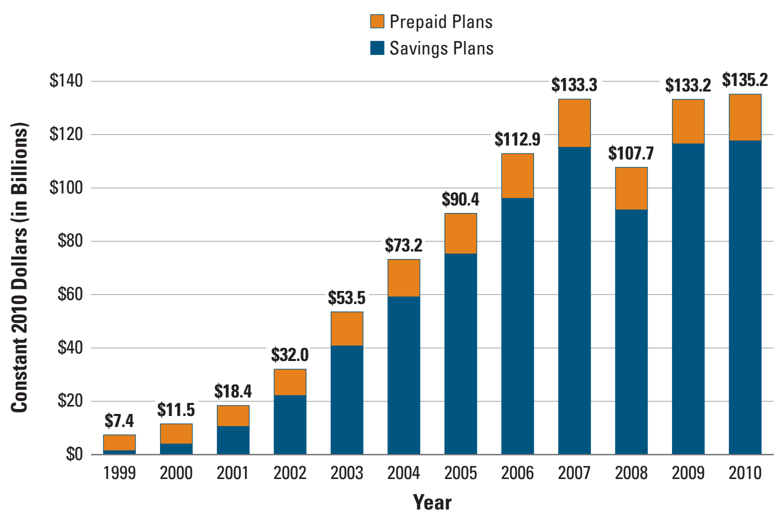
SOURCES: *Annual Survey of Colleges*, 2000–2010; calculations by the authors.

College Savings Plans

After declining in 2008 to below the 2006 level, total assets in Section 529 state college savings plans reached an all-time high (in inflation-adjusted dollars) of $135.2 billion in June 2010.

FIGURE 18

Total Assets in State-Sponsored Section 529 Savings Plans in Constant 2010 Dollars (in Billions), December 1996 to June 2010



Percentage of State-Sponsored Section 529 Savings Plan Assets in Prepaid Tuition Plans

Dec 1999	Dec 2000	Dec 2001	Dec 2002	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Dec 2008	Dec 2009	Jun 2010
81%	66%	43%	31%	24%	19%	17%	15%	14%	15%	13%	13%

Assets in Section 529 college savings plans accumulate tax-free and, if used for postsecondary education expenses, can (since 2001) be redeemed tax-free. Standard 529 savings plans are 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. In many states, there are tax credits or deductions for contributions to 529 plans.

NOTE: The value of prepaid tuition plans corresponds to the current assets being managed and does not necessarily reflect the value of the savings to the account holders, which depends on college prices.

SOURCE: Data provided by College Savings Plan Network (www.collegesavings.org).

- As of June 30, 2010, there were 1.2 million active state prepaid tuition plan accounts with an average value of $14,300, and 8.8 million 529 savings accounts with an average value of $13,300.
- Although 17 states have prepaid tuition plans, 46% of the total assets in these accounts are in Florida.
- Virginia has the largest 529 savings plan, with 21% of total assets.

ALSO IMPORTANT:

- Arkansas, Colorado, Kansas, Louisiana, Maine, Minnesota, Nebraska, Nevada, North Dakota, Oklahoma, Rhode Island, and Utah provide matching grants for low- and middle-income families who contribute to 529 savings accounts. (www.savingforcollege.com)
- More than 270 private colleges and universities have joined together in a prepaid tuition plan that carries the same tax benefits as the state-sponsored 529 plans. The assets in the more than 7,700 accounts in this plan, not included in Figure 18, exceeded $170 million as of July 2010. (Data provided by Private College 529 Plan, www.privatecollege529.com)
- Other forms of savings for education that are granted special tax status by the federal government include Series EE and Series I Savings Bonds and Coverdell Education Savings Accounts, as well as IRA withdrawals for education expenses.

Notes and Sources

DATA DEFINITIONS

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 and off-campus employers, although most of the funds in the program are federal. Perkins Loans are funded from federal and institutional capital contributions as well as collections from borrowers. Since FY 2006, no funds have been appropriated for new federal capital contributions. Institutional matching funds required by the Federal Supplemental Educational Opportunity Grant (FSEOG) program since 1989-90 are reported under institutional grants.

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

Veterans. Benefits are payments for postsecondary education and training to veterans and their dependents.

Military. Includes educational expenditures under 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; 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; the Jacob K. Javits Fellowship Program; and college grants provided to volunteers in the AmeriCorps national service programs (funding began in 1994-95).

Stafford, PLUS, and Perkins Loans. Data provided by the Department of Education on education loan disbursements. Prior to 2007, *Trends in Student Aid* reported loan commitments, a larger number than disbursements, including some loans approved but never disbursed. Earlier data have been adjusted to reflect only disbursements.

Other Loans. Includes loans from the Health Professions Student Loan Program, Disadvantaged Student Loans, and the Nursing Student Loan Program.

Education Tax Benefits. Data on education tax credits are IRS estimates of the volume of Hope and Lifetime Learning credits claimed on taxable returns for tax years 1988 and later. Tax deductions are based on IRS Statistics of Income, with associated savings estimated by the College Board based on the marginal tax rates applied to the taxable income of the taxpayers 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. Estimates for 2009 are based on earlier data.

Subsidized Stafford Loans: Need-based 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: Unsubsidized Stafford Loans are either issued by the federal government through the Federal Direct Student Loan Program or, until July 2010, issued by private lenders and guaranteed by the federal government. Interest accrues on these loans while the student is in school.

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

Graduate and Undergraduate Aid: The breakdown of aid between undergraduate and graduate students is estimated based on the *National Postsecondary Student Aid Study* (*NPSAS*) when not available from other sources.

Loan Totals: Nonfederal loans from private lenders are included in Table 1 as an important source of funding for students, but are not considered financial aid because they provide no subsidy to students. Figures 1, 4, 7, 8, and 10 include nonfederal loans to give a more complete picture of student borrowing. Figures 2A, 2B, 11A, and 11B measure financial aid amounts and therefore exclude nonfederal loans.

Inflation Adjustment: The Consumer Price Index for all urban dwellers (CPI-U) is used to adjust for inflation. We use the CPI-U in July of the year in which the academic year begins. See ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt for changes in the CPI-U over time.

SOURCES

Campus-Based Aid (FWS, Perkins, and FSEOG) and ACG/SMART Grants: U.S. Department of Education, Annual Federal Program Databooks.

Cumulative Debt for Undergraduate Students: Median debt levels reported in Figure 7 come from the *NPSAS*, 2008. Average debt levels reported in Figures 8A and 8B are based on the *Annual Survey of Colleges (ASC)*, 2001 to 2010.

Education Tax Benefits: *Income Tax Returns*, All Returns, Tables 1.3, 1.4, and 3.3 and additional *Statistics of Income* sources.

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).

Full-Time Equivalent (FTE) Enrollment: Based on unpublished computations by *Integrated Postsecondary Education Data System (IPEDS)* staff at the National Center for Education Statistics (NCES).

Institutional Grants: Estimates based on *IPEDS* data through FY 2008 and data from the College Board's *Annual Survey of Colleges*. These figures represent best approximations and are updated each year as additional information becomes available.

LEAP and State Grant Programs: 2009-10: Estimates based on an annual College Board survey of all states, the District of Columbia, and Puerto Rico. 1988-89 to 2008-09: 20th through 40th *Annual Survey Reports* of the National Association of State Student Grant and Aid Programs. LEAP figures are from unpublished data from the LEAP program manager at the U.S. Department of Education, Federal Student Aid Business Operations.

Military: F. Edward Hebert Armed Forces Health Professions Scholarship amounts from the Office of the Assistant Secretary for Defense (Health Affairs). ROTC program data from the Air Force, Army, and Navy program offices.

Nonfederal Loans: Estimates based on an informal annual College Board survey of major private education loan providers, supplemented by data from annual reports, from *NPSAS*, 2008 and from Student Lending Analytics, and on information collected from staff of state-sponsored private loan programs or state grant agencies.

Other Grants and Loans: Data collected through conversations and correspondence with the officials of the agencies that sponsor the programs.

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

Private and Employer Grants: Estimates based on data included in the *National Postsecondary Student Aid Study* (*NPSAS*) and on National Scholarship Provider's Association surveys of major private student grant providers, supplemented by information from annual reports of selected scholarship providers and data from institutional financial aid offices.

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

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

For more details on data sources and methodology, please see the *Trends in Student Aid* website at **http://trends.collegeboard.org**.

This report provides the most recent and complete statistics available on student aid in the United States. Detailed historical data are available online at **http://trends.collegeboard.org**.

Trends in Student Aid was authored by independent policy analysts Sandy Baum, Kathleen Payea, and Diane Cardenas-Elliott, with immeasurable assistance from Jennifer Ma, Kathleen Little, and Anne Sturtevant.

Contact Information for the Authors
Sandy Baum, sbaum@skidmore.edu
Kathleen Payea, kpayea@collegeboard.org

Trends in Student Aid and its companion report, *Trends in College Pricing*, are supplemented by a website that makes detailed data available for reference and downloading. The PDF versions of these reports, along with PowerPoint slides of all the graphs, are available on the Web: **http://trends.collegeboard.org**.

Hard copies may be ordered by contacting cbadvocacy@collegeboard.org.

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