

## Highlights

*Trends in Student Aid 2019* reports on the funds students and families use to supplement their own resources to pay for the prices documented in *Trends in College Pricing 2019*.

Both total annual education borrowing and borrowing per full-time equivalent (FTE) undergraduate declined (after adjusting for inflation) in 2018-19 for the eighth consecutive year.

The federal government provided 62% of all student aid in 2018-19; the composition of that aid has changed over time, with a declining share distributed on the basis of financial need. As aid to veterans and active-duty military has increased, Pell Grants to low- and moderate-income students have fallen from 80% of federal grant aid in 1998-99 to 68% in 2018-19. The introduction of and growth in unsubsidized loans, PLUS loans for graduate students and parents of undergraduates, and the elimination of subsidized loans for graduate students have left less than a quarter of federal loans based on students' financial circumstances. The implementation and expansion of education tax credits have reinforced this trend.

Similarly, state and institutional grant aid is allocated partially on the basis of students' financial circumstances and partially on the basis of other criteria. Since 2011-12, about a quarter of state grant aid has been distributed without regard to financial need (Figure 23A); the same is true of a significant share of institutional grant aid (Figures 25A, 25B).

Some of the non-need-based aid—likely including much of the aid to veterans—does help meet financial need. But keeping this distinction—and the shift over time in the federal government's approach—in mind is critical to putting the following data into context.

### TYPES OF STUDENT AID

**In 2018-19, undergraduate students received an average of \$15,210 per FTE student in financial aid: \$9,520 in grants, \$4,410 in federal loans, \$1,210 in education tax credits, and \$70 in Federal Work-Study (FWS). (Figure 1, Table 3)**

- Graduate students received an average of \$28,140 per FTE student in financial aid: \$8,920 in grants, \$18,470 in federal loans, \$700 in tax credits, and \$50 in FWS. (Figure 1, Table 3)
- Grant aid per FTE undergraduate rose by 40% between 2008-09 and 2013-14 from \$5,940 (in 2018 dollars) to \$8,340, and by another 14% to \$9,520 by 2018-19. (Figure 1)
- Grant aid per graduate student rose by 13% (\$950 in 2018 dollars) between 2008-09 and 2013-14 and by another 9% (\$710) between 2013-14 and 2018-19. Federal loans per graduate student rose by 8% (\$1,440) over the first five years of the decade and fell by 1% (\$100) over the next five years. (Figure 1)

- Undergraduate and graduate students received \$246.0 billion in grants from all sources, FWS, federal loans, and federal tax credits in 2018-19. In addition, students borrowed about \$13 billion from nonfederal sources. (Table 1)
- Undergraduate borrowing of federal loans was \$5,400 (in 2018 dollars) per FTE student in both 2008-09 and 2013-14 and fell by 18% to \$4,410 in 2018-19. (Figure 1)

### FEDERAL STUDENT AID

**In 2018-19, 33% of federal aid was based on students' financial circumstances—a decline from 91% in 1988-89 and 58% in 1998-99. The introduction of unsubsidized student loans and education tax credits, followed by PLUS loans for parents and graduate students and the Post-9/11 GI Bill, outweighed increases in Pell Grants and smaller need-based programs. (Table 1)**

- Total federal grant aid increased by 56% in inflation-adjusted dollars between 2008-09 and 2018-19. Pell Grants increased by 35% (\$7.3 billion); veterans' benefits, which rose by 214% (\$8.4 billion), grew from 15% of federal grants in 2008-09 to 30% in 2018-19. (Table 1)
- In 2018-19, average benefits from the Post-9/11 Veterans' Benefits program were \$15,990, compared with \$4,160 per Pell Grant recipient. Almost 10 times as many students received Pell Grants as veterans' benefits—6.8 million vs. 699,000 in 2018-19. (Figure 7)
- Federal loans to undergraduates fell by 18% between 2008-09 and 2018-19, rising by 7% over the first five years, but declining by 23% between 2013-14 and 2018-19. (Figure 3)
- FWS and Federal Supplemental Educational Opportunity Grants (FSEOG) combined provided \$1.7 billion to undergraduate students in 2018-19—1% of the total aid. (Figure 3)

### PELL GRANTS

**Pell Grant expenditures rose from \$21.0 billion (in 2018 dollars) in 2008-09 to \$41.2 billion in 2010-11 but declined to \$28.2 billion by 2018-19. (Figure 20B)**

- The number of Pell Grant recipients fell in 2018-19 for the seventh consecutive year, but the 6.8 million recipients represented a 10% increase from 6.2 million in 2008-09. (Figure 20B)
- The average Pell Grant per recipient was \$2,900 (in 2018 dollars) in 1998-99. It increased to \$3,400 in 2008-09, peaked at \$4,430 in 2010-11, and fell to \$4,160 in 2018-19. (Figure 21A)
- The \$6,095 maximum Pell Grant in 2018-19 was 32% higher in inflation-adjusted dollars than it was 20 years earlier, but it was 1% lower than it was 40 years earlier, in 1978-79. (Figure 21A)
- The maximum Pell Grant covered 59% of the average public four-year tuition and fees and 17% of the average private nonprofit four-year price in 2019-20. (Figure 21B)

# Trends in Student Aid 2019

## OTHER SOURCES OF GRANT AID

**Between 2013-14 and 2018-19, institutional grant aid for undergraduate students increased by \$10.8 billion (26%) in 2018 dollars, rising from 38% to 45% of total grants (and from 21% to 28% of total financial aid) to undergraduates. (Figure 3)**

- Between 2013-14 and 2018-19, institutional grant aid rose by \$12.5 billion (in 2018 dollars); federal grants declined by \$6.3 billion. Total grant aid to postsecondary students increased by \$9.2 billion (7%). (Figure 5)
- State grant aid per FTE undergraduate student rose for the sixth consecutive year in 2017-18, to \$890—an increase of \$180 (25%) since 2011-12. State grant aid per student ranged from under \$200 in nine states to over \$1,000 in 12 states. (Figures 23A, 24A)

## DISTRIBUTION OF STUDENT AID

**The share of dependent Pell Grant recipients from families with incomes below \$30,000 (in 2014 dollars) rose from 50% in 2007-08 to 58% in 2015-16. (Figure 22A)**

- In 2017-18, 27 states considered students' financial circumstances in allocating at least 95% of their state grant aid. Thirteen states considered students' financial circumstances when awarding less than half of their state grant aid. (Figure 23B)
- Between 2016-17 and 2017-18, need-based state grant aid per FTE undergraduate rose 5%, from \$634 (in 2017 dollars) to \$667; non-need-based aid rose 11%, from \$196 to \$218 per student. The share of state grant aid that was need-based declined from 76.4% to 75.4%. (Figure 23A)
- In 2015-16, 78% of full-time students at public four-year colleges and universities had to cover an average of \$14,400 in expenses beyond their expected family contributions (EFCs) and grant aid from all sources. For 12% of students in this sector, grant aid exceeded their documented financial need. (Figure 18)
- In 2015-16, 80% of full-time students at private nonprofit four-year institutions had to cover an average of \$20,770 in expenses beyond their EFCs and grant aid from all sources. For 16% of students in this sector, grant aid exceeded their documented financial need. (Figure 19)
- The 41% of 2016 tax filers benefiting from the student loan interest tax deduction who had adjusted gross income (AGI) below \$50,000 received 29% of the tax savings. The 20% with AGI over \$100,000 received 28% of the tax savings. (Figure 26B)

## STUDENT BORROWING

**After a decade of rapid growth in annual borrowing, total federal loans to undergraduate students declined by 22% from \$69.8 billion (in 2018 dollars) in 2013-14 to \$54.2 billion in 2018-19; federal loans to graduate students rose by 2% from \$38.2 billion to \$38.8 billion. (Figure 9A)**

- In 2018-19, after the eighth consecutive decline in annual education borrowing, students and parents borrowed \$106.2 billion, down from \$131.7 billion (in 2018 dollars) in 2010-11. (Figure 6)

- Federal loans per FTE undergraduate student declined in 2018-19 for the eighth consecutive year—from \$6,000 (in 2018 dollars) in 2010-11 to \$4,410 in 2018-19. (Figure 1)
- Federal loans per FTE graduate student declined from a peak of \$19,750 in 2010-11 to \$17,850 in 2014-15, before rising to \$18,470 in 2018-19. (Figure 1)
- The share of federal loans going to graduate students increased from 32% to 42% between 2003-04 and 2018-19. The percentage of FTE postsecondary students who were graduate students increased from 13% to 15% over these 15 years. (Figure 9A)
- The number of parents borrowing PLUS loans in 2018-19 was 12% of the number of undergraduates taking subsidized and unsubsidized Direct loans, but the average parent loan was \$17,220, 2.6 times as much as the average undergraduate student loan. (Figure 9B)
- Borrowing through the grad PLUS program rose by 25% (\$2.2 billion in 2018 dollars) between 2013-14 and 2018-19. (Figure 6)
- Nonfederal education loans fell from about \$27 billion (in 2018 dollars) in 2007-08 to \$9 billion in 2010-11 and 2011-12 and rose to about \$13 billion in 2018-19. (Figure 6)

## STUDENT DEBT

**As of March 2019, 55% of borrowers with outstanding education debt owed less than \$20,000; 43% of the outstanding federal education loan debt was held by the 10% of borrowers owing \$80,000 or more. (Figure 10)**

- In 2017-18, average debt per borrower among bachelor's degree recipients from public and private nonprofit four-year institutions was \$29,000—a 1% (\$300) increase from \$28,700 (in 2018 dollars) in 2012-13. Debt per bachelor's degree recipient, including both those who borrowed and those who did not, was \$16,800—3% (\$500) lower than in 2012-13. (Figure 14)
- The shares of borrowers paying off at least one dollar of their loan principal within five years of entering repayment in 2010-11 and 2011-12 ranged from 26% for noncompleters in the for-profit sector to 79% and 80% for completers in the public and private nonprofit four-year sectors, respectively. (Figure 13B)
- Among the 60% of 2015-16 bachelor's degree recipients who were age 23 or younger, 33% had no education debt; 11% borrowed \$40,000 or more; 27% of those between the ages of 24 and 29 and 35% of those age 30 or older borrowed \$40,000 or more. (Figure 15B)
- In 2015-16, 33% of black bachelor's degree recipients accrued \$40,000 or more in student debt, compared with 17% of white graduates, 13% of Hispanics, and 9% of Asians. (Figure 16)
- The shares of 2015-16 dependent students graduating with parent PLUS loans ranged from 3% at public two-year colleges to 32% in the for-profit sector. In all sectors, families with incomes below \$35,000 were least likely and those with incomes of \$70,000 or higher were most likely to have \$40,000 or more in parent PLUS loans. (Figure 17)