

## *Institutional Aid Survey*

### *Colleges Report Increases in Students Applying and Qualifying for Aid*

This year, more students are applying and qualifying for need-based financial aid and more financial aid offices are being asked to reassess financial aid packages to reflect recent changes to families' financial situations, according to a recent survey by the National Association of Student Financial Aid Administrators.

"This survey demonstrates a growing demand for financial aid and a growing burden for financial aid offices," said NASFAA Interim President Joan Crissman. "As Congress works to overhaul the student aid programs, it should address these trends by directing program savings to increase funding for need-based aid and simplifying the student aid system."

#### **The Numbers**

Among survey respondents from nearly 500 financial aid offices, 61 percent reported a 10 percent or greater increase in the number of aid applications for the 2009-10 award year compared to the same period in 2008-09. Another 28 percent of institutions have seen applications increase less than 10 percent and only 8 percent reported no increase.

Similarly, 63 percent of institutions reported that the number of Pell Grant recipients has increased by more than 10 percent this year compared to last year. Another 25 percent reported an increase of less than 10 percent, and only 5 percent reported no increase.

Of all the federal student aid programs, the Pell Grant and Stafford Loan programs saw the largest increases, in terms of aid dollars distributed. Thirty-four percent of institutions said that, in terms of aid dollars, the Pell Grant program had the greatest increase in 2009-10 compared to 2008-09, which can be attributed to both the economy and recent changes to Pell Grant eligibility criteria.

Another 36 percent of institutions reported that the Stafford Loan program had the largest increase so far this year. This trend was even more pronounced at two-year schools, where 48 percent reported the largest increase in aid dollars from the Pell Grant program and 49 percent reported the largest increase in the Stafford Loan program.

Nearly two-thirds (65 percent) of institutions also reported a 10 percent or greater increase in the number of professional judgments (a process used to reassess financial aid packages to reflect changes in financial circumstances) this year compared to the 2008-09 award year. Another, 21 percent of institutions reported an increase of less than 10 percent in professional judgments, and only 7 percent reported no increase this year.

Despite the increases in the number of students who qualify for financial aid, financial aid administrators also reported an increase in the number of students who still have financial need after receiving federal and state financial aid. More than half (51 percent) said that they saw an increase of 10 percent or more in the number of students who still had financial need after using federal and state funds. Another 20 percent of institutions saw an increase of less than 10 percent in the number of these students and 17 percent reported no increase in the number of these students.

To fill the gap between the cost of attending a college or university and federal and state aid awarded to students, many schools offer additional aid – known as institutional aid. Although many institutions face budget cuts to compensate for rising costs and dwindling state support and endowments, 55 percent said they have increased institutional aid for students. Of the 41 percent that have not increased institutional aid, the majority (60 percent) said they did not have any additional institutional aid to make available to students.

These institutions would have a difficult time participating in the redesigned Perkins Loan program proposed in the Student Aid and Fiscal Responsibility Act (H.R. 3221) because it requires institutions to provide matching funds. As shown in a previous NASFAA survey, many institutions do not have the funds to match federal Perkins dollars or would rather use this money for more generous institutional aid because SAFRA eliminates many Perkins Loan benefits, making it similar to the existing unsubsidized Stafford Loan program.

Four-year institutions were more likely to offer additional institutional aid this year than two-year schools. Nearly three in four (74 percent) four-year institutions increased institutional aid. In contrast, 71 percent of two-year schools said they did not increase institutional aid.

## Behind the Numbers

There are several trends that seem to drive the dramatic increase in aid applications, professional judgments, and aid eligibility. Financial aid administrators who completed the survey highlighted the economic downturn as a common cause. They reported seeing more families that have lost jobs (or had their hours reduced), homes, and assets.

“Working with families this year has provided a very bleak picture of the struggles facing the ‘average American family.’” One respondent commented. “I am concerned about the persistence of students given the combination of economic and emotional pressures occurring in their families.”

Another factor is the Obama administration’s efforts to ensure that the unemployed receive financial aid to pursue higher education. Survey respondents highlighted the U.S. Department of Labor’s letter sent in May to state workforce agencies urging them to notify unemployment insurance beneficiaries of their potential eligibility for Pell Grants and other student aid. Financial aid administrators also pointed to recent guidance from the Department of Education that urges institutions to notify struggling students of the professional judgment option. Subsequent guidance permits financial aid offices to set students’ earned income at zero if they are receiving unemployment benefits.

“The letter from the State to every unemployed person has greatly increased the number of students asking for professional judgment,” one financial aid administrator commented.

“[Department of Education] guidance has been very helpful and made it both quick and easy in the Financial Aid Office to process a professional judgment for an unemployed student,” another noted. “It has been especially helpful to those who find themselves in this unfortunate situation.”

The increases in Pell Grant awards can partly be attributed to changes enacted by Congress in the Higher Education Opportunity Act of 2008. Provisions in the law exclude several forms of income for the 2009-10 year that can lower families’ expected family contribution (EFC) and increase their eligibility for Pell Grants. Increases in the Pell Grant can also partially be attributed to increased appropriations in the program that expanded the eligible range of students.

Rising enrollments are another factor driving up aid applications, awards and appeals. Thirty-five percent of institutions reported enrollment increases of 10 percent or greater. Another 37 percent reported a less than 10 percent enrollment increase and 25 percent reported no enrollment increase.

## More Work for Financial Aid Offices

The increases in aid applications, awards and appeals are increasing the administrative burden for financial aid offices. Many financial aid administrators noted that they are also seeing an increase in verification – a time consuming process where the financial aid office must verify data provided on the aid application. Financial aid offices must handle the increase in applications, professional judgment appeals, and verification with the same or fewer resources than last year because higher education institutions are trying to cut costs to balance budgets that have been hit by the economic downturn.

“The increase on professional judgments alone is so much more work and we certainly did not receive any extra help to do this process,” one aid administrator noted.

“This has been the most difficult and stressful year that I have ever experienced in my 34+ years as a financial aid administrator,” another commented.

## Who Filled Out the Survey?

- Less than 2-year: 12 (2 percent)
- 2-year: 141 (29 percent)
- 4-year only: 69 (14 percent)
- 4-year & above: 237 (48 percent)
- Graduate/professional only: 22 (4 percent)
- Other: 9 (2 percent)

## Survey Questions

Using August 31st as a snapshot, how much of an increase have you seen in the percentage of professional judgments at your school from 2008-09 to 2009-10?

- No increase: 36 (7 percent)
- Less than 10 percent: 101 (21 percent)
- 10-20 percent: 136 (28 percent)
- 21-30 percent: 77 (16 percent)
- 31-40 percent: 45 (9 percent)
- 41-50 percent: 49 (10 percent)
- 50 percent and more: 9 (2 percent)

Using August 31st as a snapshot, how much of an increase have you seen in the percentage of total Title IV aid applicants at your school from 2008-09 to 2009-10?

- No increase: 41 (8 percent)
- Less than 10 percent: 138 (28 percent)
- 10-20 percent: 166 (34 percent)
- 21-30 percent: 74 (15 percent)
- 31-40 percent: 34 (7 percent)
- 41-50 percent: 22 (5 percent)

Using August 31st as a snapshot, how much of an increase have you seen in the percentage of Pell recipients from 2008-09 to 2009-10?

- No increase: 26 (5 percent)
- Less than 10 percent: 123 (25 percent)
- 10-20 percent: 162 (33 percent)
- 21-30 percent: 82 (17 percent)
- 31-40 percent: 45 (9 percent)
- 41-50 percent: 20 (4 percent)

Using August 31st as a snapshot, how much of an increase have you seen in the percentage of students with remaining need after awarding all federal and state funds for which the students demonstrated eligibility under your packaging policies?

- No increase: 82 (17 percent)
- Less than 10 percent: 97 (20 percent)
- 10-20 percent: 125 (26 percent)
- 21-30 percent: 63 (13 percent)
- 31-40 percent: 25 (5 percent)
- 41-50 percent: 34 (7 percent)

**In terms of dollars, in which of the following student aid programs that you offer have you seen the greatest increase from 2008-09 to 2009-10?**

- Pell Grant: 164 (34 percent)\*
- Stafford Loans: 174 (36 percent)\*
- Parent PLUS Loans: 50 (10 percent)
- Graduate PLUS Loans: 31 (6 percent)
- Private Loans: 29 (6 percent)
- N/A: Our aid volume is virtually unchanged

Among 2-year schools, 48 percent answered Pell and 49 percent answered Stafford

**Has your school increased the amount of institutional aid that is offered to students in 2009-10 from 2008-09?**

- Yes: 280 (55 percent)\*
- No: 202 (41 percent)\*\*

\* Among 4-year schools, 74 percent answered yes.

\*\*Among 2 Year Schools, 71 percent answered no.

**If not, please tell us why.**

- Our school does not offer institutional aid: 44 (22 percent)
- We do not have any additional institutional aid to offer: 122 (60 percent)
- We have been able to fill the gaps using federal and state funds: 5 (2 percent)

**Using August 31st as a snapshot, how much of an increase have you seen in the percentage of total students at your school from 2008-09 to 2009-10?**

- No increase: 124 (25 percent)
- Less than 10 percent: 182 (37 percent)
- 10-20 percent: 124 (24 percent)
- 21-30 percent: 29 (6 percent)
- 31-40 percent: 18 (4 percent)
- 41-50 percent: 6 (1 percent)