

# *Postsecondary Student Financial Aid Facts*

Last Updated March 2010



## **The Role of Financial Aid Administrators**

Financial aid administrators are dedicated to opening the doors of opportunity by making college possible. Student financial assistance for postsecondary education in the United States comes from a wide array of sources: federal, state, institutional, and private. Student financial aid administrators at colleges and universities nationwide are key players in the equitable distribution and delivery of these funds to students. Their work is central to distributing the appropriate resources to the appropriate students and families.

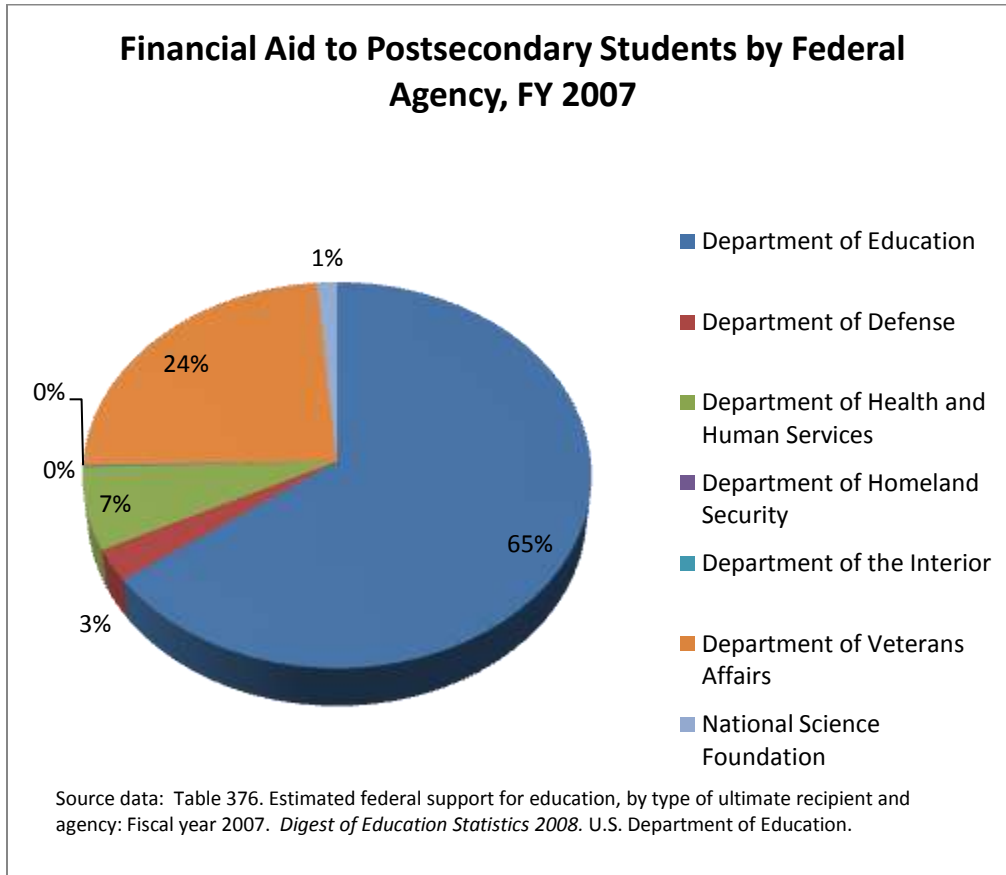
Financial aid administrators navigate multiple, complex systems on students' behalf, perform outreach activities to educate consumers, provide personal counseling, make professional judgment adjustments for families undergoing hardships, advocate for policies and funding to meet the needs of their students, handle budgeting and reporting, and much more. Student aid professionals analyze, interpret, and apply federal and state laws, statutes, and regulations to maintain program compliance at their institutions and distribute funds properly. They develop, deploy, and manage efficient student aid delivery systems to ensure student customer service standards are met and that policy goals are achieved.

In FY 2009, financial aid administrators at approximately 6,200 institutions of postsecondary education delivered or supported the delivery of about \$113 billion in U.S. Department of Education grant, work-study, and loan assistance to almost 13 million postsecondary students and their families. In addition, financial aid administrators worked to facilitate student loans from approximately 2,900 lenders; coordinated additional financial aid programs from 50 other federal and state agencies; managed institutional and private scholarships from hundreds of organizations; managed relationships with community student employers; and interfaced with multiple other entities, including unemployment offices, secondary schools, and counseling agencies. Financial aid administrators also promote awareness of tax benefits for higher education, estimated at \$14 billion in FY2011, to hundreds of thousands of families.

NASFAA represents more than 20,000 student financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country.

## Federal Student Assistance Sources

Federal student financial aid is administered primarily by the U.S. Department of Education, but significant student funding is also administered by the Veteran's Administration, Department of Health and Human Services, Department of the Interior, Department of Defense, and others. Financial aid administrators work with and coordinate benefits from virtually all of these agencies.



Some federal support is awarded directly to students, and some to states and institutions which select student recipients. Most of those programs require matching dollars to be contributed by states or institutions, leveraging federal dollars to increase the total funding pool available to students.

In addition, there are various tax benefits for higher education administered by the Internal Revenue Service. In 2005-2006, education tax breaks totaled about \$6 billion. The American Recovery and Reinvestment Act of 2009 will temporarily increase family tax savings to about \$14 billion.

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## Department of Education Federal Student Aid Budget

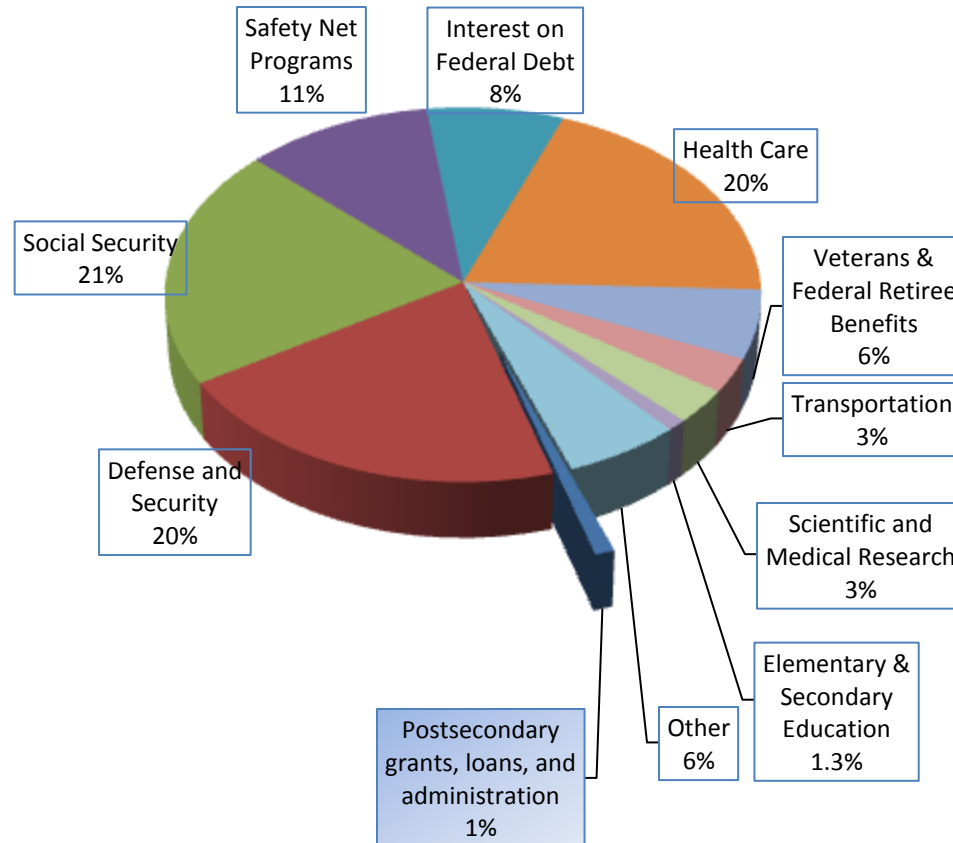
Although the Department of Education is the primary agency administering federal student aid, expenditures for postsecondary student financial assistance comprise only a small portion of the Department of Education's budget.

Fiscal Year	2009	2008	2007
Total Department of Education Budget	\$140.5 billion*	\$68 Billion	\$67 billion
<i>Elementary &amp; secondary programs</i>	68%	54%	54%
<i>Postsecondary grants, loans, &amp; administration</i>	25%	42%	37%
<i>Research, development, vocational rehab</i>	7%	2%	7%
<i>Administrative expenses</i>	1%	2%	2%

\*Includes \$98.2 billion in Recovery Act funding, of which 16.2 billion was appropriated for Federal Student Aid programs and administration

In FY 2009, the Department of Education's total budget was \$140.5 billion, of which \$98.2 billion was supplemental funding provided by the American Recovery and Reinvestment Act of 2009. The FY 2009 funding included \$15.6 billion in additional Pell Grant authority. The Recovery Act also included a supplemental appropriation of \$200 million for the Federal Work-Study program to help eligible students finance their education through part-time employment.

## Federal Spending on Postsecondary Aid, 2008



Derived from sources: U.S. Department of Education, *U.S. Department of Education Fiscal Year 2008 Performance and Accountability Report*; Table 5.3—PERCENTAGE DISTRIBUTION OF BUDGET AUTHORITY BY AGENCY: 1976–2015, *Budget of the United States Government: Historical Tables Fiscal Year 2011*; Congressional Budget Office. Amounts may not equal 100 due to rounding.

### State Financial Aid

In 2009, state funded student financial aid programs accounted for 9% of the \$88.8 billion expended by state and local governments for higher education (approximately \$8 billion). This proportion has not changed significantly since 2004. As discussed above, states leverage federal dollars to fund need-based grants and work programs, but a variety of other program types exist at the state level to address local economic and social policy objectives.

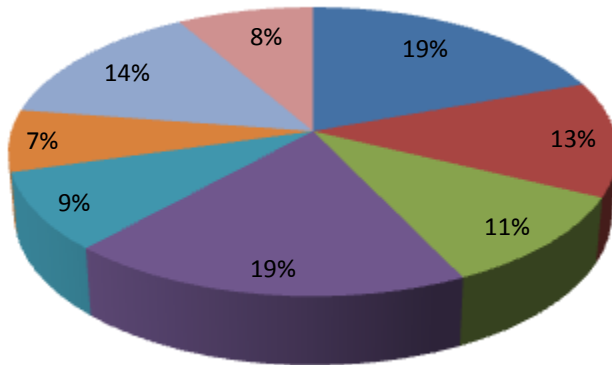
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## State Financial Aid Programs at Public Colleges and Universities, 2005-2006

- Need-based grants (46)
- General, statewide merit-based scholarships (34)
- Specifically targeted merit-based scholarships (40)
- Loan forgiveness programs (including conditional scholarships) (45)
- State-funded work-study programs (28)
- State-funded guaranteed loans (13)
- Programs designed to increase access/participation of members of specific groups/populations (39)



*Derived from source: Boatman, Angela and Hans L'Orange. State Tuition, Fees and Financial Assistance Policies for Public Colleges and Universities, 2005-2006. State Higher Education Executive Officers, Boulder, CO. 2006.*

## **About NASFAA**

NASFAA is a nonprofit membership organization representing more than 20,000 student financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country. NASFAA is the largest postsecondary education association with institutional membership in Washington, D.C., and the only national association with a primary focus on student aid legislation, regulatory analysis, and training for financial aid administrators.

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