



NATIONAL STUDENT AID PROFILE: OVERVIEW OF 2015 FEDERAL PROGRAMS



**NASFAA
RESOURCES**

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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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Overview

Dear Reader:

NASFAA's National Profile serves as a helpful resource document on the basics of the federal student financial aid programs that provide funding to millions of students each year. This information is more important than ever, as data from the U.S. Department of Education (ED) show that the number of students applying for federal financial assistance rose from around 19.4 million in 2007-2008 to nearly 31.4 million in the 2011-2012 award year, a 62 percent increase over five years. The upcoming reauthorization of the Higher Education Act (HEA) also heightens the interest in the federal student aid programs, with many examining the current programs and discussing proposals to make them more effective.

In this profile, you will find an overview of the following programs:

- The Federal Pell Grant Program.
- The Federal Supplemental Educational Opportunity Grant (FSEOG) Program.
- The Federal Work-Study Program.
- The Federal Perkins Loan Program.
- The Federal Direct Subsidized and Unsubsidized Loan Programs.
- The Direct PLUS Loan Program.

For each program, in addition to a basic description, you will find the most up-to-date data and information on the following:

- Number of Recipients.
- Total Volume of Awards.
- Federal Funding Levels.
- Distribution by Family Income.

In addition, we provide an appropriations update on Title IV program funding for the 2015-2016 award year.

It is our hope that you find this information to be a helpful desk reference of the federal student aid programs. As always, if you have any questions or would like more information, please feel free to reach out to NASFAA at policy@nasfaa.org or 202.785.0453.

Sincerely,

The NASFAA Policy Team

Table 1. Summary Descriptions of the Major Federal Student Aid Programs

Program Name	Program Description	Number of Recipients and Average Awards	Volume 2013-2014
Federal Pell Grant	Provides grants to low-income undergraduates who have not yet earned a first bachelor's degree with the greatest demonstrated financial need. The 2014-2015 maximum award was \$5,730; minimum award was \$587. For 2015-2016, the maximum award is \$5,775 and the statutory minimum is \$577, but because midpoints are used for both the estimated family contribution (EFC) columns and the cost of attendance (COA) rows in constructing the schedules, the actual 2015-2016 Award Year minimum award amount for a full-time student is \$588.	Approximately 9.4 million recipients in 2012-2013. Average award was \$3,555. More than 74 percent of recipients had family income of less than \$30,000.	The total volume for Pell Grants was \$35.2 billion.
Federal Supplemental Educational Opportunity Grant (FSEOG)	Provides grants to low-income undergraduates with the greatest demonstrated financial need. Maximum award is \$4,000; minimum award is \$100. Priority must be given to students who receive Federal Pell Grants, and awards must be made first to students who have the lowest expected family contributions. At least 25 percent of FSEOG awards must come from institutional resources.	Approximately 1.6 million recipients in 2012-2013. Average award was \$599. Seventy percent of dependent recipients came from families with an income of less than \$30,000.	The total federal volume was \$733 million.
Federal Work-Study (FWS)	Provides part-time jobs to financially needy undergraduate and graduate/professional students. Jobs must, to the best extent possible, be related to students' academic or career goals. Institutions must generally contribute at least 25 percent of wages paid.	Approximately 694,000 recipients in 2012-2013. The average award was \$1,673. Of dependent undergraduate recipients, 46 percent had family incomes below \$42,000.	The total federal volume was \$975 million.
Federal Perkins Loan	Distributes low-interest loans (5 percent) to undergraduate and graduate/professional students with financial need; priority is given to those with exceptional need. Borrowing is subject to annual and aggregate loan limits. Borrowers usually repay the loans directly to their postsecondary institutions; repayments are used to make new loans. Institutions match at least 33 percent of their federal program allocations. Loan repayments may be cancelled for borrowers who perform certain volunteer, military, health care, or other services.	Approximately 500,000 recipients in 2012-2013. Average award was \$2,014. Thirty-four percent of dependent recipients came from families with an income of less than \$30,000, and 74 percent of independent recipients had an income of less than \$20,000.	New loans were made for a total of \$1 billion from institutions' revolving funds.

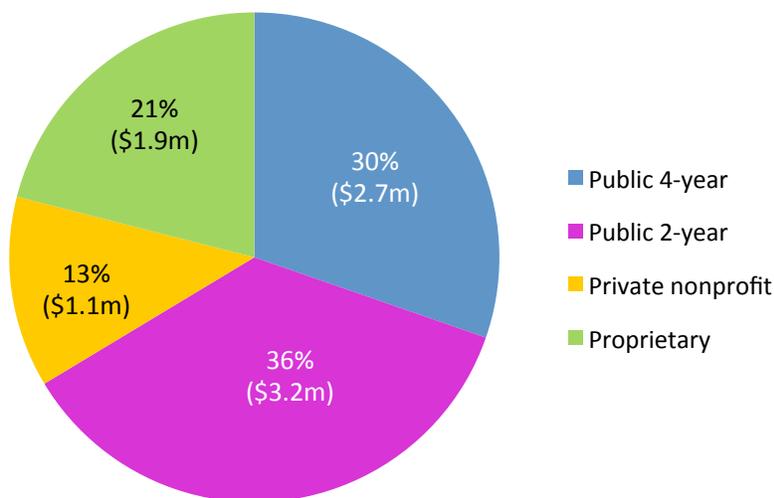
Table 1. Summary Descriptions of the Major Federal Student Aid Programs (continued)

Program Name	Program Description	Number of Recipients and Average Awards	Volume 2013-2014
Direct Subsidized Loan	Provides low-interest loans to financially needy undergraduate students. Interest on the loans is paid by the government while borrowers are in school, in the grace period, and during deferment. Borrowing is subject to annual and aggregate loan limits. Borrowers begin repaying loans six months after ceasing at least half-time enrollment in postsecondary education, unless borrower qualifies for deferment. Cancellation of loans is available for employment in certain designated fields, under certain conditions.	Approximately 6.9 million borrowers in 2013-2014. Average loan of \$3,677.	The total loan volume was \$25.4 billion.
Direct Unsubsidized Loan	Provides low-interest loans to undergraduate and graduate/professional students. Loans are provided regardless of borrowers' income or financial need, as long as total aid does not exceed cost of attendance. Recipients are charged interest on the loans at all times. Borrowing is subject to annual and aggregate loan limits; limits are higher for independent students. Unless borrowers qualify for deferment, loan repayment begins six months after they cease at least half-time enrollment in postsecondary education. Cancellation of loans is available for employment in certain designated fields, under certain conditions.	Approximately 7.9 million borrowers in 2013-2014. Average loan of \$4,109 for undergraduate students and \$17,562 for graduate students.	The total loan volume was \$51.9 billion.
Direct PLUS Loan	Provides loans to (1) the parents of dependent undergraduates, as defined by HEA, and (2) graduate and professional students. Borrowers may obtain loans up to the full amount of the cost of education, minus any aid students receive from other sources. Loans are provided regardless of income, but borrowers must pass a credit check or obtain an endorser.	Approximately 704,000 parent borrowers in 2013-2014. Average loan of \$14,174. In the same award year, an estimated 343,000 graduate/professional students borrowed an average of \$21,849 in Grad PLUS loans.	PLUS borrowers (parents and graduate/professional students) received \$17.5 billion.

The Federal Pell Grant Program

Program Description. The Federal Pell Grant Program is the “foundational” federal student aid program. The program provides grants to financially needy undergraduate students who have not yet earned their first bachelor’s degree to help pay the costs of attending postsecondary institutions. (In very limited circumstances, post-baccalaureate students in teacher education programs may also qualify for Pell Grants.) Schools must determine a student’s Federal Pell Grant eligibility before calculating eligibility for other federal student aid programs. During the annual Congressional appropriations process, the minimum and maximum Pell Grant award level is established for the upcoming award year. In award year 2014-2015, grants ranged between \$587 and \$5,730. In award year 2015-2016 grants range from \$588 to \$5,775. The amounts students receive are based on their educational costs and the family’s ability to contribute to college costs.

Figure 1. Distribution of Pell Grant Recipients by Type of Institution, Award Year 2012-2013



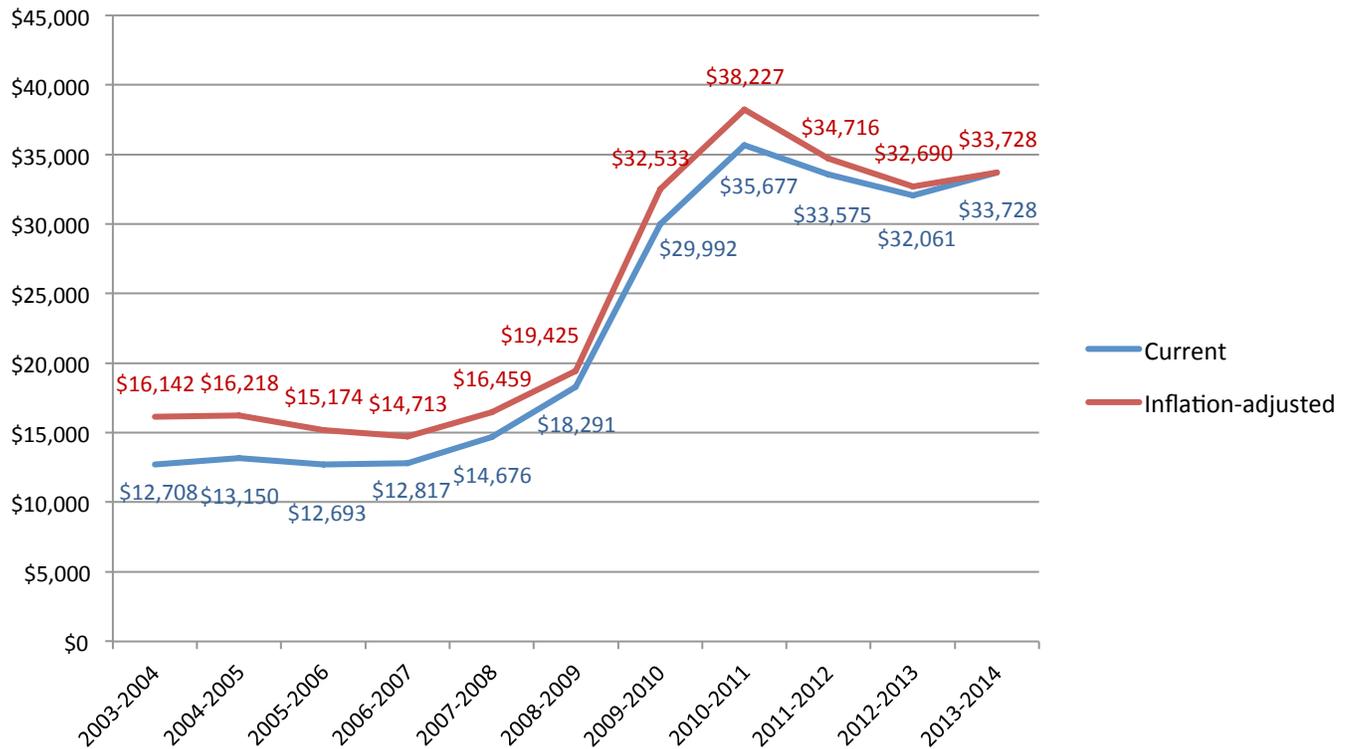
Source: U.S. Department of Education, Federal Pell Grant Program End-of-year Report, 2012-2013.

Table 2. Number and Distribution of Pell Grant Recipients by Family Income Level, Award Year 2012-2013

Family Income Level	Number	Percentage
\$6,000 or less	2,189,575	24.4%
\$6,001 to \$15,000	1,941,541	21.7%
\$15,001 to \$20,000	1,049,422	11.7%
\$20,001 to \$30,000	1,449,745	16.2%
\$30,001 to \$40,000	960,787	10.7%
\$40,001 and over	1,367,643	15.3%
Total	8,958,713	100%

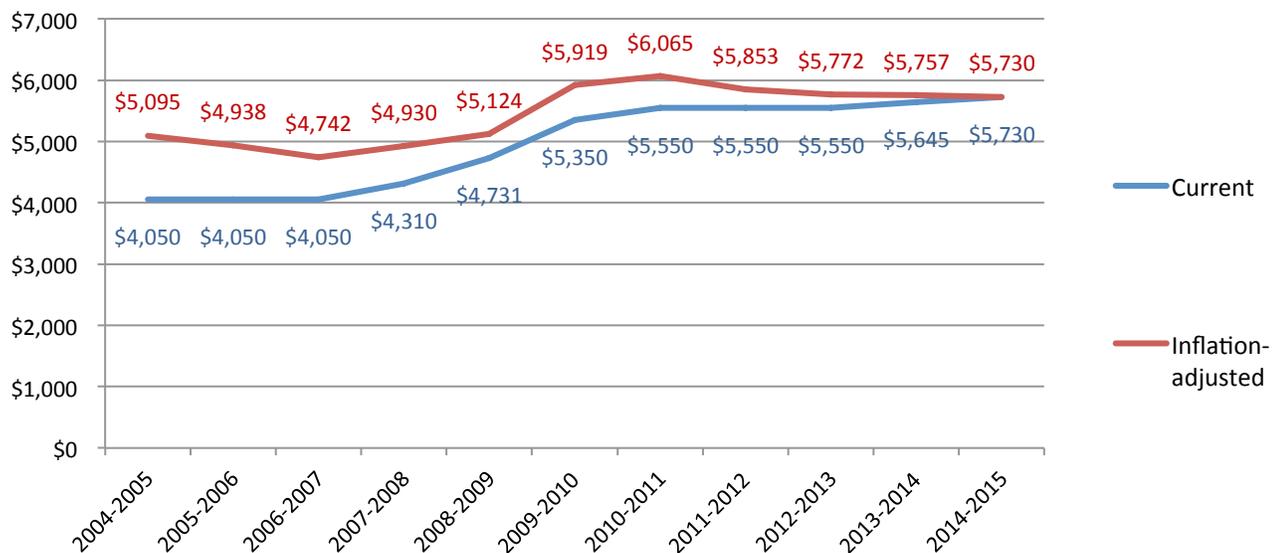
Source: U.S. Department of Education, Federal Pell Grant Program End-of-year Report, 2012-2013.

Figure 2: Federal Pell Grant Program Volume in Current and Inflation Adjusted Dollars (in Millions), 2003-2004 to 2013-2014.



Source: The College Board, Trends in Student Aid, 2014.

Figure 3: Maximum Pell Grant Award in Current and Inflation-Adjusted Dollars, 2004-2005 to 2014-2015.



Source: U.S. Department of Education, Federal Pell Grant Program End-of-year Report, 2012-2013; College Board, Trends in Student Aid, 2014. Inflation-adjusted to 2014 dollars calculated by NASFAA, using the Consumer Price Index (CPI-U) for the July beginning the academic year.

Campus-Based Aid Programs

ED requires schools to contribute a portion of the funding for campus-based aid programs, but financial aid administrators at each participating postsecondary institution must use federal program guidelines to determine which students will receive awards and how much they will receive. These programs include: the Federal Supplemental Educational Opportunity Grant Program, the Federal Work-Study Program, and the Federal Perkins Loan Program.

The Federal Supplemental Educational Opportunity Grant Program

Program Description. The Federal Supplemental Educational Opportunity Grant (FSEOG) Program provides grants to financially needy undergraduates at postsecondary institutions. Financial assistance from the FSEOG Program generally supplements the aid students receive from other sources. Students must have “exceptional” financial need to receive FSEOG awards. Schools must give priority to students who receive Federal Pell Grants, and awards must first be made to students with the lowest expected family contributions (EFC) - that is, starting with a zero EFC and then moving upward. The minimum FSEOG award is \$100, and the maximum is \$4,000. Institutions that participate in the program receive federal allocations to distribute awards. These institutions must match their federal allocations with funds from their own resources, so that no more than 75 percent of FSEOG awards represent the federal share.

Table 3a. Number of Dependent Undergraduates Who Received Federal Supplemental Educational Opportunity Grants by Family Income Level, Award Year 2012-2013

Family Income Level	Recipients	Recipients Percentage	Total FSEOG Dollars*	Dollars Percentage	Average FSEOG Award
Less than \$6,000	197,995	24.7%	\$143,227,991	23.6%	\$723
\$6,000 to \$11,999	77,041	9.6%	\$55,949,312	9.2%	\$726
\$12,000 to \$23,999	221,543	27.6%	\$164,353,071	27.0%	\$742
\$24,000 to \$29,999	89,224	11.1%	\$69,167,141	11.4%	\$775
\$30,000 to \$41,999	110,531	13.8%	\$88,606,371	14.6%	\$802
\$42,000 to \$59,999	77,378	9.6%	\$62,751,878	10.3%	\$811
\$60,000 and over	29,449	3.7%	\$23,887,163	3.9%	\$811
Total*	803,161	100.0%	\$607,942,927	100.0%	\$757

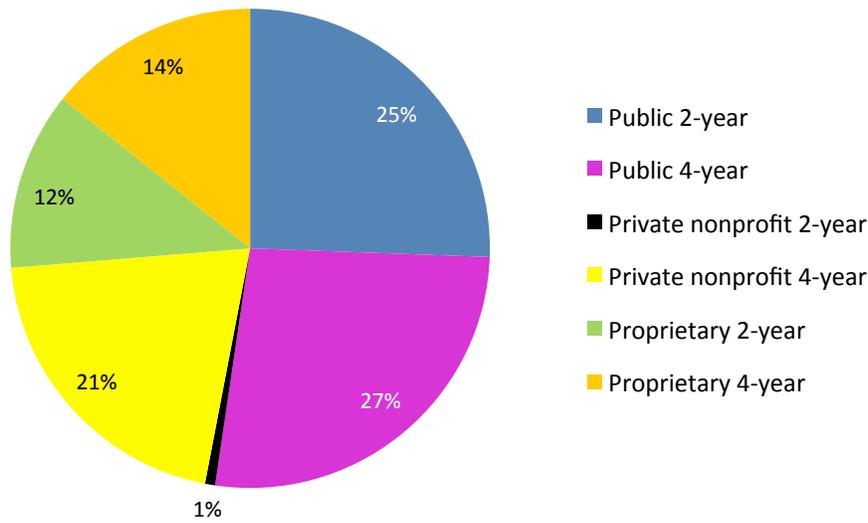
Table 3b. Number of Independent Undergraduates Who Received Federal Supplemental Educational Opportunity Grants by Family Income Level, Award Year 2012-2013

Family Income Level	Recipients	Recipients Percentage	Total FSEOG Dollars*	Dollars Percentage	Average FSEOG Award
Less than \$2,000	248,896	27.5%	\$123,744,384	29.1%	\$497
\$2,000 to \$3,999	59,315	6.5%	\$29,971,747	7.0%	\$505
\$4,000 to \$7,999	118,756	13.1%	\$58,262,580	13.7%	\$491
\$8,000 to \$11,999	115,452	12.7%	\$53,563,050	12.6%	\$464
\$12,000 to \$15,999	87,038	9.6%	\$38,289,679	9.0%	\$440
\$16,000 to \$19,999	72,730	8.0%	\$31,176,930	7.3%	\$429
\$20,000 and over	204,447	22.6%	\$90,333,621	21.2%	\$442
Total*	906,634	100.0%	\$425,341,991	100.0%	\$469

*Total dollar amounts include federal funds and institutional matching funds.

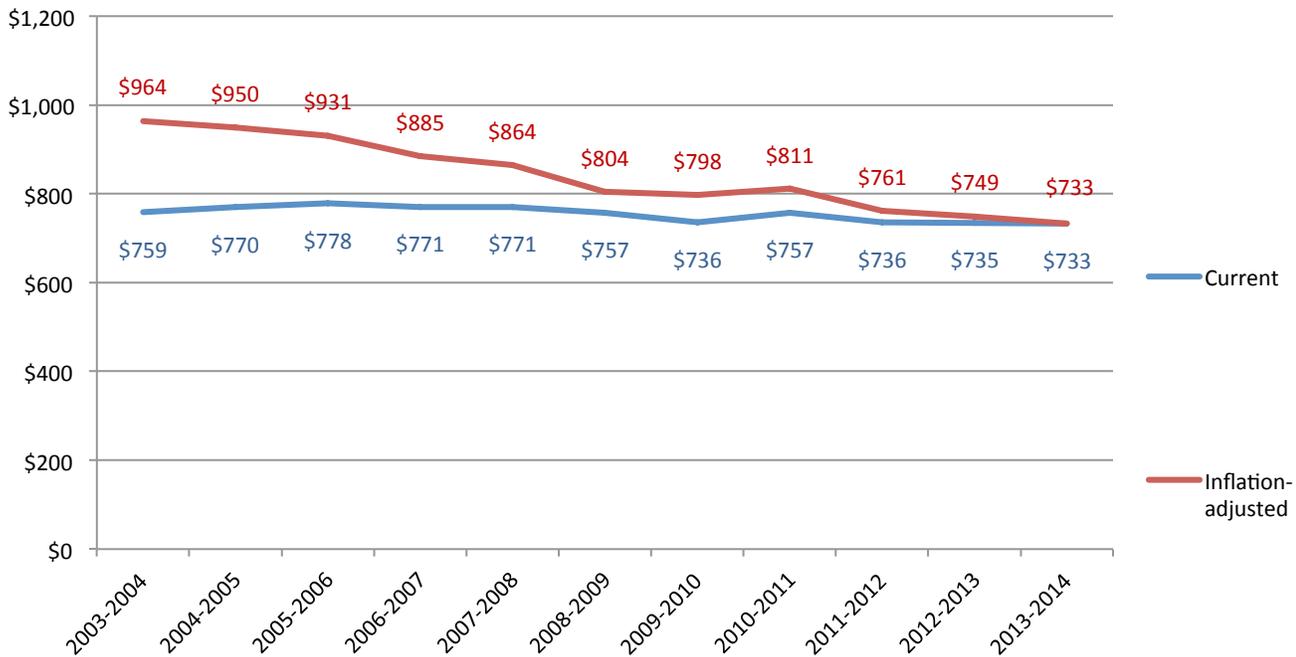
Source for Tables 3a and 3b: U.S. Department of Education, Federal Campus-Based Programs Data Book, 2014.

Figure 4. Distribution of FSEOG Recipients by Type of Institution, Award Year 2012-2013



Source: U.S. Department of Education, Federal Campus-Based Programs Data Book, 2014.

Figure 5. FSEOG Program Volume in Current and Inflation-Adjusted Dollars (in Millions), 2003-2004 to 2013-2014



Source: The College Board, Trends in Student Aid, 2014.

The Federal Work-Study Program

Program Description. The Federal Work-Study (FWS) Program provides part-time jobs to undergraduate, graduate, and professional students at postsecondary institutions. Generally, aid from the FWS Program supplements the assistance students receive from Federal Pell Grants and other sources. The FWS Program is a need-based program; that is, recipients must have demonstrated financial need.

Award amounts must be based on demonstrated financial need, the number of hours students are expected to work each week, and the anticipated hourly wage.

For most FWS jobs, the federal program funds are used to pay 75 percent of the students' wages. The remaining 25 percent is provided by the institution or the students' employers. (Private for-profit businesses that employ FWS recipients must pay at least 50 percent of students' wages from their own resources.) A lower non-federal share is permitted under specific limited conditions.

Table 4a. Number of Dependent Undergraduates Who Received Federal Work-Study Awards by Family Income Level, Award Year 2012-2013

Family Income Level	Recipients	Recipients Percentage	Total FWS Dollars*	Dollars Percentage	Average FWS Award
Less than \$6,000	40,410	7.7%	\$66,120,799	8.2%	\$1,636
\$6,000 to \$11,999	24,929	4.8%	\$42,096,331	5.2%	\$1,689
\$12,000 to \$23,999	74,482	14.2%	\$125,284,587	15.6%	\$1,682
\$24,000 to \$29,999	36,436	7.0%	\$60,497,525	7.5%	\$1,660
\$30,000 to \$41,999	65,080	12.4%	\$106,211,280	13.2%	\$1,632
\$42,000 to \$59,999	80,497	15.4%	\$126,299,960	15.7%	\$1,569
\$60,000 and over	200,978	38.4%	\$277,991,521	34.6%	\$1,383
Total*	522,812	100.0%	\$804,502,003	100.0%	\$1,539

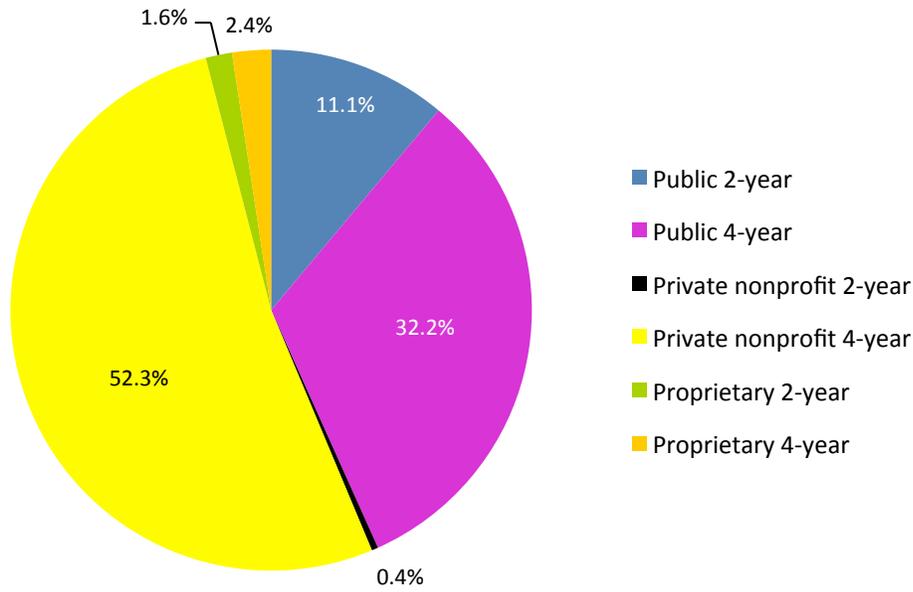
Table 4b. Number of Independent Undergraduates Who Received Federal Work-Study Awards by Family Income Level, Award Year 2012-2013

Family Income Level	Recipients	Recipients Percentage	Total FWS Dollars*	Dollars Percentage	Average FWS Award
Less than \$2,000	38,115	31.2%	\$70,809,991	30.1%	\$1,858
\$2,000 to \$3,999	11,924	9.8%	\$22,580,085	9.6%	\$1,894
\$4,000 to \$7,999	20,190	16.5%	\$41,020,047	17.4%	\$2,032
\$8,000 to \$11,999	15,154	12.4%	\$31,148,788	13.2%	\$2,055
\$12,000 to \$15,999	10,571	8.7%	\$21,088,403	9.0%	\$1,995
\$16,000 to \$19,999	7,032	5.8%	\$13,717,733	5.8%	\$1,951
\$20,000 and over	19,105	15.6%	\$34,961,885	14.9%	\$1,830
Total**	122,091	100.0%	\$235,326,932	100.0%	\$1,927

*Total dollar amounts include federal funds and institutional matching funds.

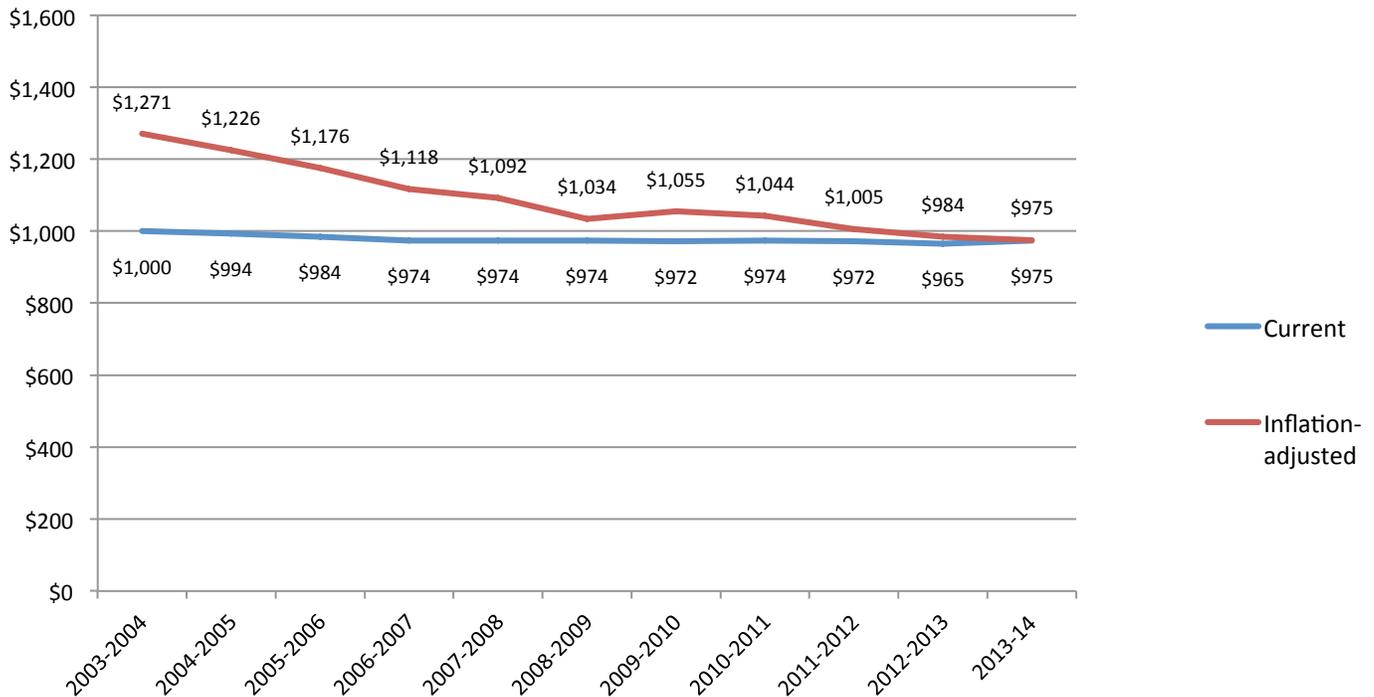
Source for Tables 4a and 4b: U.S. Department of Education, Federal Campus-Based Programs Data Book, 2014.

Figure 6. Distribution of FWS Recipients by Type of Institution, Award Year 2012-2013



Source: U.S. Department of Education, Federal Campus-Based Programs Data Book, 2014.

Figure 7. FWS Program Volume in Current and Inflation-Adjusted Dollars (in Millions), 2003-2004 to 2013-2014



Source: The College Board, Trends in Student Aid, 2014.

The Federal Perkins Loan Program

Program Description. The Federal Perkins Loan Program provides low-interest loans to financially needy undergraduate, graduate, and professional students. Unlike Federal Pell Grants, FSEOG, and FWS awards, students must repay Federal Perkins Loans after they graduate, leave, or fall below half-time attendance status at their postsecondary institutions (attendance status is determined at each institution). Loan repayments are usually made directly to the borrowers' school. Interest on the loan accrues at a rate of 5 percent per year. However, interest does not begin to accrue until borrowers enter repayment, which may be deferred for approved reasons.

The maximum amount students may borrow is based on their academic grade level:

- Undergraduate students may borrow up to \$5,500 annually
- Graduate and professional students may borrow up to \$8,000 annually.

The Federal Perkins Loan Program is authorized through September 30, 2015. If Congress does not enact legislation extending the authorization of the program by that date, the program will expire on October 1, 2015. If the program expires, the statute allows for limited "grandfathering" so current Perkins Loan recipients may continue to receive new Perkins Loans after September 30, 2015.

For the past five years, budget requests from President Obama proposed a new Perkins Loan Program. This proposal would increase the volume of the Perkins Loan Program significantly to allow more schools to participate in the program, make these loans unsubsidized with market-based interest rates (with all other terms and conditions of an unsubsidized Direct Loan), and provide postsecondary institutions authority to choose Perkins Loan recipients.

Table 5a. Number of Dependent Undergraduates Who Received Perkins Loans by Family Income Level, Award Year 2012-2013

Family Income Level	Recipients	Recipients Percentage	Total Perkins Dollars*	Dollars Percentage	Average Perkins Award
Less than \$6,000	24,080	7.2%	\$44,851,898	7.3%	\$1,863
\$6,000 to \$11,999	15,835	4.7%	\$28,944,844	4.7%	\$1,828
\$12,000 to \$23,999	48,891	14.6%	\$89,080,243	14.5%	\$1,822
\$24,000 to \$29,999	25,638	7.7%	\$45,883,021	7.5%	\$1,790
\$30,000 to \$41,999	48,037	14.4%	\$85,670,697	13.9%	\$1,783
\$42,000 to \$59,999	58,892	17.6%	\$106,236,341	17.3%	\$1,804
\$60,000 and over	112,732	33.7%	\$213,649,174	34.8%	\$1,895
Total*	334,105	100.0%	\$614,316,218	100.0%	\$1,839

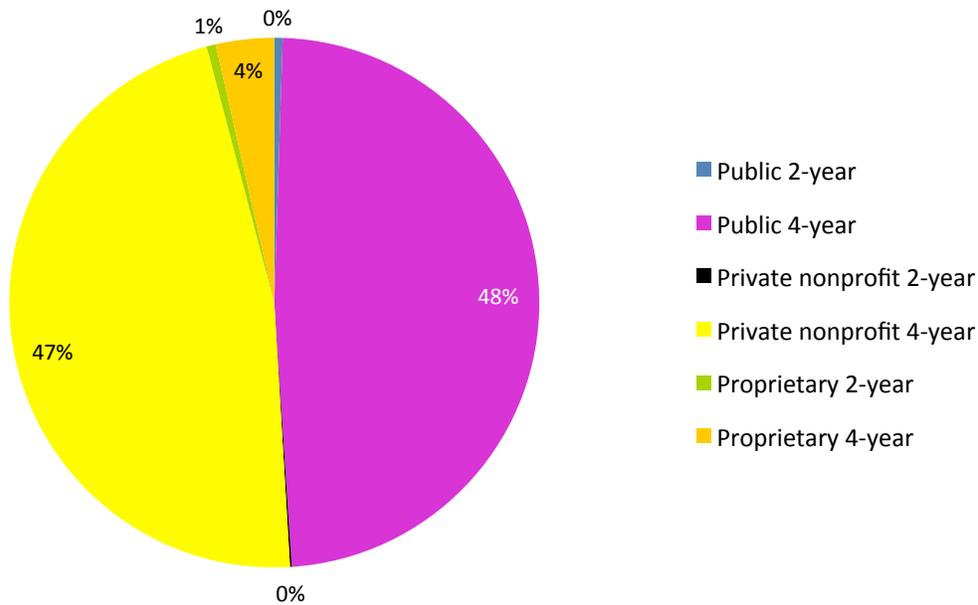
Table 5b. Number of Independent Undergraduates Who Received Perkins Loans by Family Income Level, Award Year 2012-2013

Family Income Level	Recipients	Recipients Percentage	Total Perkins Dollars*	Dollars Percentage	Average Perkins Award
Less than \$2,000	25,126	25.0%	\$44,191,954	25.0%	\$1,759
\$2,000 to \$3,999	7,372	7.3%	\$13,122,111	7.4%	\$1,780
\$4,000 to \$7,999	13,758	13.7%	\$24,378,089	13.8%	\$1,772
\$8,000 to \$11,999	12,178	12.1%	\$21,401,592	12.1%	\$1,757
\$12,000 to \$15,999	9,115	9.1%	\$15,572,307	8.8%	\$1,708
\$16,000 to \$19,999	7,251	7.2%	\$12,466,153	7.1%	\$1,719
\$20,000 and over	25,740	25.6%	\$45,369,203	25.7%	\$1,763
Total*	100,540	100.0%	\$176,501,409	100.0%	\$1,756

*Total dollar amounts include federal funds and institutional matching funds.

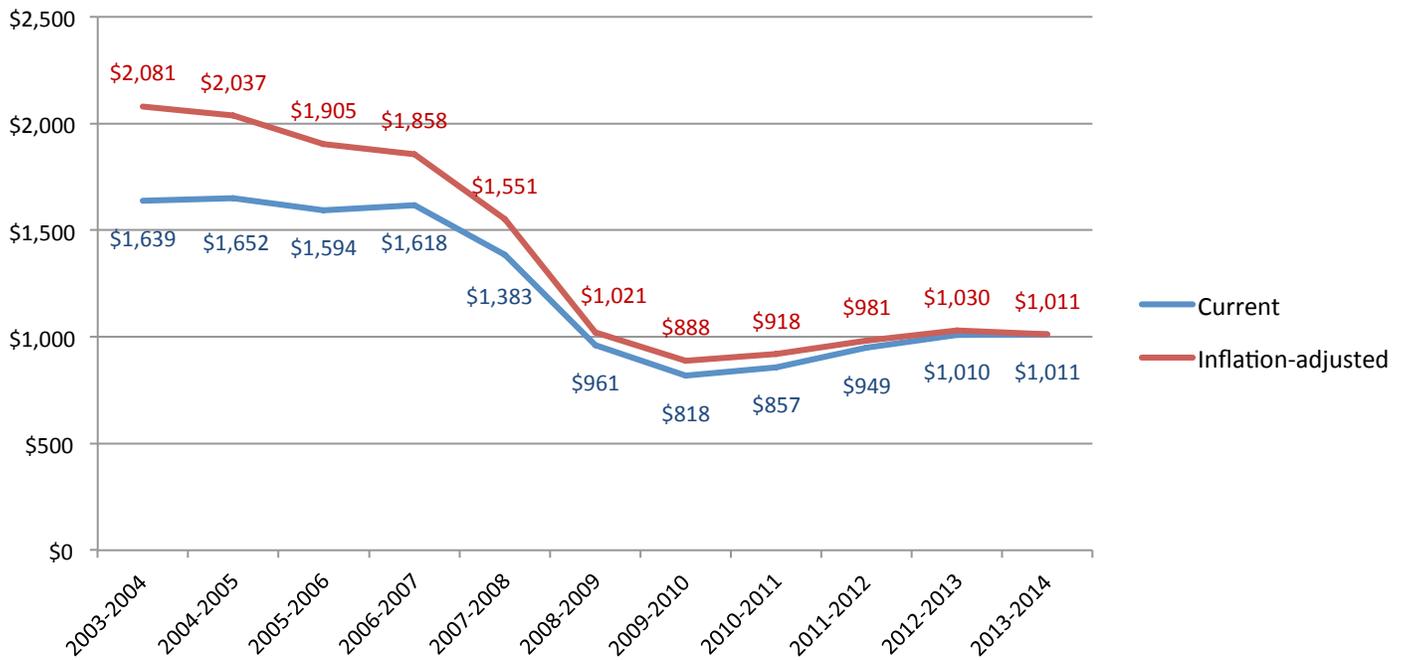
Source for Tables 5a and 5b: U.S. Department of Education, Federal Campus-Based Programs Data Book, 2014.

Figure 8. Distribution of Perkins Loan Recipients by Type of Institution, Award Year 2012-2013



Source: U.S. Department of Education, Federal Campus-Based Programs Data Book, 2014.

Figure 9. Federal Perkins Loan Program Volume in Current and Inflation-Adjusted Dollars (in Millions), 2003-2004 to 2013-2014



Source: The College Board, Trends in Student Aid, 2014.

The Federal Family Education Loan Program and the William D. Ford Direct Student Loan Program

Program Description. Before July 1, 2010, Title IV of the HEA authorized two programs for distributing loans to students and parents of dependent undergraduate students. While the terms of the loans ran parallel between the two programs, the difference was the source of funding. The Federal Family Education Loan (FFEL) Program, formerly known as the Guaranteed Student Loan Program, utilized private and nonprofit sector funding under a system of federal guarantees and support. The FFEL Program ceased operations in July 2010 (other than collection and servicing of outstanding loans) in favor of maintaining just one loan program, the William D. Ford Direct Student Loan Program, which is federally funded and administered by ED. The Direct Loan Program continues to provide low-interest loans to undergraduate and graduate/professional students and parents of dependent undergraduate students to help pay the costs of attending postsecondary institutions. Loans are “entitlements,” which means that all eligible and qualified borrowers may receive the program funds and benefits, but borrowers are subject to annual and aggregate limits.

The Direct Loan Program is an umbrella for four loans made for undergraduate and graduate study (as was the FFEL Program):

- Direct Subsidized Loans (also referred to as Subsidized Stafford Loans)
- Direct Unsubsidized Loans (also referred to as Unsubsidized Stafford Loans)
- PLUS Loans, which are made to parents of dependent students and to graduate and professional students
- Consolidation Loans, a repayment option rather than a loan made for attendance at an institution

Borrowers may be charged a fee to help pay a portion of the costs of administering the programs. Direct Loan fees were originally charged at 4 percent of loan principal, but have gradually been reduced as a result of the ongoing sequestration¹ reductions to mandatory programs. The following loan fees are deducted from each borrower’s loan disbursement:

	Loans first disbursed on or after	
	Oct. 1, 2014, to Sept. 30, 2015	Oct. 1, 2015, to Sept. 30, 2016
Subsidized and Unsubsidized Direct Loans	1.073	1.068
PLUS Loans	4.292	4.272

Interest rate structures have varied greatly over the years, sometimes being variable with a maximum cap, sometimes fixed. As written in the Bipartisan Student Loan Certainty Act of 2013, all Direct Loans, except for Direct Consolidation Loans, with a first disbursement date on or after July 1, 2013, have variable fixed, market-based interest rates. Interest rates for new Direct Loans will change every July 1 based on market rates and then remain fixed for the life of that loan. All interest rates will apply to loans disbursed on or after July 1 of a year to June 30 of the following year only. This law will also provide protection to consumers from market spikes by placing rate caps of:

- 8.25 percent on Direct Subsidized Loans and Direct Unsubsidized Loans for undergraduate students,
- 9.5 percent for Direct Unsubsidized Loans for graduate/professional students, and
- 10.5 percent for Parent/Graduate PLUS Loans.

¹ The Budget Control Act of 2011 mandated federal spending cuts through a process called sequestration to a number of federal programs, including certain Title IV aid programs.

ED calculates the interest rates for these loans using a base 10-year Treasury Note Index plus an add-on amount for each loan program. The following chart outlines the interest rates for the last three award years:

	Treasury Note Index	Add-On Amount	Interest Rate
Federal Direct Subsidized and Unsubsidized Loans: <i>Undergraduate Students</i>			
<i>2013-2014</i>	1.81	2.05	3.86
<i>2014-2015</i>	2.612	2.05	4.66
<i>2015-2016</i>	2.237	2.05	4.29
Federal Direct Unsubsidized Loans: <i>Graduate Students</i>			
<i>2013-2014</i>	1.81	3.6	5.41
<i>2014-2015</i>	2.612	3.6	6.21
<i>2015-2016</i>	2.237	3.6	5.84
Federal Direct PLUS Loans: <i>Parents and Graduate/Professional Students</i>			
<i>2013-2014</i>	1.81	4.6	6.41
<i>2014-2015</i>	2.612	4.6	7.21
<i>2015-2016</i>	2.237	4.6	6.84

Subsidized Loans: Direct Subsidized Loans are provided to undergraduate students based on their demonstrated financial need. Annual and aggregate limits apply to award amounts. Students do not have to pay the accrued interest on subsidized loans while they are enrolled at their institutions at least half-time. Interest on the loans begins to accrue as soon as borrowers receive the funds. However, a portion of the federal appropriation for subsidized loans is used to pay the accrued interest on the borrowers' behalf. This provision in the subsidized loan program is commonly referred to as the "in-school interest subsidy" and was also available to needy graduate students prior to July 1, 2012.

Repayment begins following a six-month "grace period" after the student is no longer enrolled at least half-time. The interest subsidy extends through the grace period. However, that provision was temporarily suspended for new loans for which the first disbursement was made on or after July 1, 2012, and before July 1, 2014. Borrowers are responsible for paying accruing interest once they enter the repayment period, beginning at the end of the grace period, except during authorized periods of deferment.

Unsubsidized Loans: The second type of Direct student loan, the unsubsidized loan, works similarly to subsidized loans, but borrowers are responsible for all interest that accrues. Eligibility for unsubsidized loans is not based on students' financial need. That is, students may receive these loans regardless of their incomes or assets, and may use them to replace the expected family contribution. Annual and aggregate limits apply to award amounts.

Students who receive unsubsidized loans do not have an in-school interest subsidy. These borrowers are charged the accrued interest on these loans while they are enrolled. Accrued interest may be paid during periods of enrollment, or may be capitalized (added to the principal balance of the loans). Interest on these loans must also be paid or capitalized during any deferment periods.

Loan Limits. The amount a student may borrow in subsidized funds is the result of subtracting other aid and the EFC from the cost of attendance (COA), or the applicable annual loan limit, whichever is less. The annual maximum amount of loans students may borrow varies by academic grade level. As of July 1, 2007, the annual loan limits are as follows:

	Dependent Students	Independent Students (and students whose parents cannot obtain a PLUS loan)
First Year Undergraduate Students	\$5,500 <i>No more than \$3,500 can be subsidized.</i>	\$9,500 <i>No more than \$3,500 can be subsidized.</i>
Second Year Undergraduate Students	\$6,500 <i>No more than \$4,500 can be subsidized.</i>	\$10,500 <i>No more than \$4,500 can be subsidized.</i>
Third Year and Beyond Undergraduate Students	\$7,500 <i>No more than \$5,500 can be subsidized.</i>	\$12,500 <i>No more than \$5,500 can be subsidized.</i>
Graduate/Professional Students	N/A	\$20,500 <i>As of July 1, 2012, unsubsidized funds only.</i>

As of July 1, 2007, the aggregate loan limits are as follows:

	Dependent Students	Independent Students (and students whose parents cannot obtain a PLUS loan)
Undergraduate Students	\$31,000 <i>No more than \$23,000 can be subsidized.</i>	\$57,500 <i>No more than \$23,000 can be subsidized.</i>
Graduate Students	N/A	\$138,500 <i>No more than \$65,500 can be subsidized. Undergraduate borrowing counts toward graduate aggregate limit.</i>

PLUS: The PLUS Loan Program provides loans to the parents of dependent undergraduates and to students who are in graduate or professional programs (who are, by federal definition, independent of their parents). Parents must use the loan funds to pay their children's higher education costs. To qualify for a PLUS Loan, borrowers may not have an adverse credit history (credit history is not considered for subsidized and unsubsidized loans). Borrowers with adverse credit histories can obtain a loan if they provide an endorser or appeal the credit decision with ED.

PLUS Loans are limited to the difference between the student's COA and other anticipated financial aid; there are no absolute annual or aggregate limits.

Table 6. Undergraduates Who Received Federal Subsidized Direct Loans by Family Income Level, Award Year 2011-2012

Adjusted Gross Income (AGI)	Recipients (Estimated)	Percent	Average Award
Less than \$20,000	2,919,603	35.3%	\$3,333
\$20,000 to \$39,999	1,900,367	23.0%	\$3,498
\$40,000 to \$59,999	964,669	11.7%	\$3,621
\$60,000 to \$79,999	739,863	8.9%	\$3,649
\$80,000 to \$99,999	599,997	7.2%	\$3,621
\$100,000 and over	1,152,390	13.9%	\$3,516
Total	8,276,889	100.0%	\$3,468

Table 7. Undergraduates Who Received Federal Unsubsidized Direct Loans by Family Income Level, Award Year 2011-2012

Adjusted Gross Income (AGI)	Recipients (Estimated)	Percent	Average Award
Less than \$20,000	2,830,145	36.6%	\$4,025
\$20,000 to \$39,999	1,566,876	20.3%	\$3,793
\$40,000 to \$59,999	886,743	11.5%	\$3,504
\$60,000 to \$79,999	748,107	9.7%	\$3,345
\$80,000 to \$99,999	593,312	7.7%	\$3,738
\$100,000 and over	1,104,240	14.3%	\$4,665
Total	7,723,559	100.1%	\$3,922

Table 8. Undergraduates Whose Parents Received Federal PLUS Loans by Family Income Level, Award Year 2011-2012

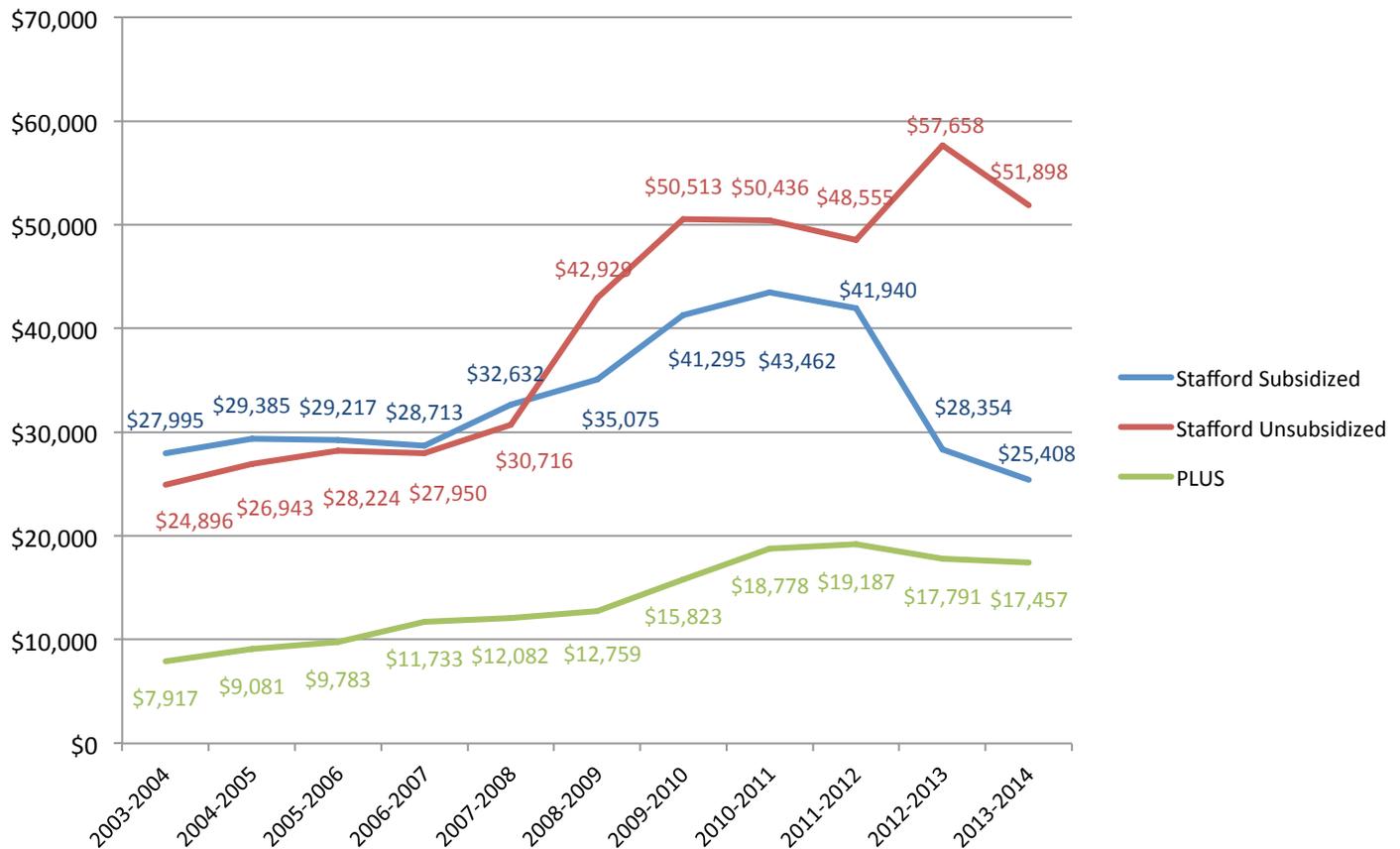
Adjusted Gross Income (AGI)	Recipients (Estimated)	Percent	Average Award
Less than \$20,000	113,856	11.0%	\$8,129
\$20,000 to \$39,999	137,631	13.3%	\$8,968
\$40,000 to \$59,999	142,416	13.7%	\$11,011
\$60,000 to \$79,999	154,568	14.9%	\$11,650
\$80,000 to \$99,999	150,417	14.5%	\$12,219
\$100,000 and over	340,260	32.8%	\$15,279
Total	1,037,493	100.2%	\$12,089

Table 9. Graduate/Professional Students Who Received Federal PLUS Loans by Family Income Level, Award Year 2011-2012

Adjusted Gross Income (AGI)	Recipients (Estimated)	Percent	Average Award
Less than \$20,000	229,286	62.9%	\$19,267
\$20,000 to \$39,999	62,381	17.1%	\$18,674
\$40,000 to \$59,999	35,671	9.8%	\$14,983
\$60,000 to \$79,999	15,026	4.1%	\$16,199
\$80,000 to \$99,999	9,067	2.5%	\$17,813
\$100,000 and over	12,116	3.3%	\$18,449
Total	364,538	99.7%	\$18,554

Source for Tables 6-9: U.S. Department of Education, National Center for Education Statistics, 2011-2012 National Postsecondary Student Aid Study (NPSAS:12)

Figure 10. Federal Student Loan Volume (Inflation-Adjusted Dollars, in Millions), 2003-2004 to 2013-2014



Source: The College Board, Trends in Student Aid, 2014.

Federal Need Analysis

Description: The application for all Title IV programs is the Free Application for Federal Student Aid (FAFSA), which collects demographic, income, and asset information from aid applicants and their families. ED uses this information to confirm students' general eligibility to receive Title IV funds and calculates an index, called the Expected Family Contribution (EFC), that schools use as one of several factors to determine the amount of financial aid a student may receive during a given award year.

The EFC is determined by a need analysis formula established under Title IV of the Higher Education Act; the formula is called the Federal Methodology (FM). Parents of dependent students are expected to provide financial information on the FAFSA and to contribute some amount, if they are able, to the financing of their child's education.

Use: Financial aid administrators use the EFC and other information to determine which students will receive federal student aid authorized under Title IV of the HEA and the amounts they will receive from these programs. Students are eligible to receive need-based federal student aid (Federal Pell Grant, FWS, FSEOG, Federal Perkins Loans, and Direct Subsidized Loans) only if the sum of the EFC and other estimated financial assistance is less than the total cost of attendance (COA). The COA includes tuition and fees charges, estimated living expenses, books and educational supplies, transportation to and from the postsecondary institution, and other miscellaneous expenses.

Fiscal Year 2015 Budget and Appropriations Update

Each year, Congress must go through the process of determining funding levels for most of the federal student aid programs. Fiscal year (FY) 2015 funding for the 2015-2016 award year was finalized by Congress in December 2014. Given the fiscal environment of austerity and sequestration², the federal student aid programs fared relatively well in the budget process, with some programs even receiving modest increases.

As has been the case over the past several years, Congress showed their commitment to funding the maximum Pell Grant. The bill established the discretionary portion of the maximum award at \$4,860. The chart below shows that when combined with the scheduled mandatory Pell add-on of \$915, the total maximum award for the 2015-2016 award year is \$5,775, a \$45 increase over the 2014-2015 amount. The chart below highlights Pell Grant funding over the last several years.

Program	FY13	FY14	FY15	Change from FY14 to FY15
Pell Grant (discretionary)	\$22,778,352,000	\$22,778,352,000	\$22,475,352,000	-\$303,000,000
Pell Grant maximum award	\$5,645	\$5,730	\$5,775	+\$45

While the Federal Supplemental Educational Opportunity Grant (FSEOG) Program was level funded, the spending package provided a \$15 million increase to the Federal Work-Study Program. This was a small but welcome boost in a time when many programs received cuts. The funding for FSEOG and FWS are highlighted in the following chart.

Program	FY13	FY14	FY15	Change from FY14 to FY15
FSEOG	\$696,175,000	\$733,130,000	\$733,130,000	\$0
FWS	\$925,595,000	\$974,728,000	\$989,728,000	+\$15,000,000

The higher education community continues to advocate for adequate funding of the federal student aid programs, particularly during this time of broad fiscal austerity and when we continue to operate under the sequestration.

Conclusion

Since enactment of the HEA in 1965, federal financial aid has been a central and critical pathway for college access. Given the importance of federal financial aid, this booklet serves as a resource describing seven prominent Title IV programs. While these financial aid programs may have changed over time, the general principles of each program have stayed the same.

NASFAA hopes the information in this booklet is helpful to you. You may find a more detailed version of this document online at www.NASFAA.org. We also have produced other publications that help students and families find ways to pay for postsecondary education. Please contact us if we can provide any additional information to you at policy@nasfaa.org or 202.785.0453.

² The Budget Control Act of 2011 mandated federal spending cuts through a process called sequestration to a number of federal programs, including certain Title IV aid programs.

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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

**1101 CONNECTICUT AVENUE NW, SUITE 1100
WASHINGTON, DC 20036-4303**

202.785.0453 FAX. 202.785.1487 WWW.NASFAA.ORG