

Highlights

TYPES OF STUDENT AID

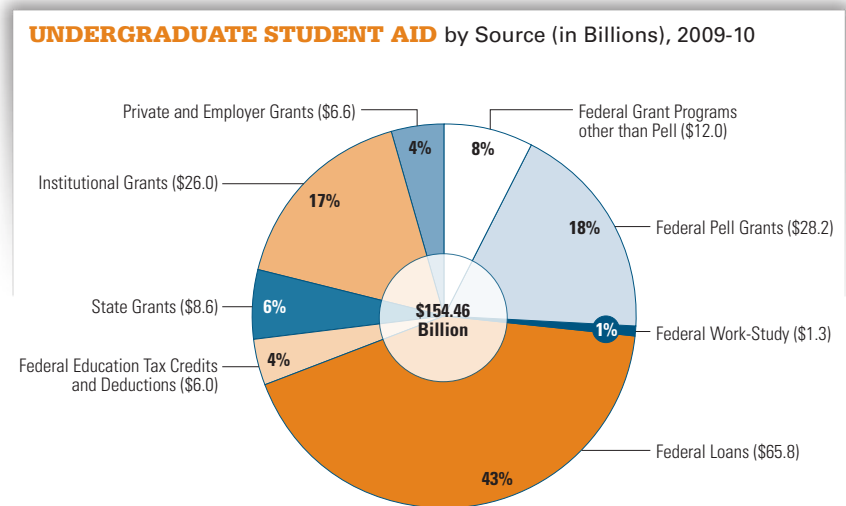
In 2009-10, undergraduate students received an average of \$11,461 per full-time equivalent (FTE) student in financial aid, including \$6,041 in grant aid and \$4,883 in federal loans. Graduate students received an average of \$22,697 in aid, including \$6,371 in grant aid and \$15,744 in federal loans.

- 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.



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.