

EXECUTIVE SUMMARY

Item Name: FY 2009 STUDENT FINANCIAL AID REPORT AND FY 2010 AND FY 2011 FINANCIAL AID PLANS

Action Item

Discussion Item

Information Item

Issue: The Board is asked to approve the universities' FY 2009 Student Financial Aid Report and FY 2010 and FY 2011 Financial Aid Plans.

Background

- Annually, the three state universities provide information to the Board regarding the distribution of financial aid.
- The **Financial Aid Report**, as prescribed in Board Policy 4-300.C.2., provides the actual amount of financial aid awarded during the previous academic year and reports on compliance with specific Board policies related to financial aid. These include:
 - Board Policy 4-300.B.3, which requires that, 50% of the resident undergraduate Board-approved aid must be awarded to students who have a demonstrated financial need; and at least 30% must be awarded to students on the basis of merit.
 - Board Policy 4-309, which requires a 14% set-aside of tuition collection for need-based aid for all three institutions. However, the Board has made temporary increases for the set-aside to at least 15% for AY2009 and 17% for AY2010.
- **The Financial Aid Plans**, as prescribed by Board Policy 4-300.C.1, provide estimates of financial aid for the current and subsequent fiscal years, including the number and value of scholarships and cash awards; their distribution among resident and nonresidents, needy and meritorious recipients, undergraduates and graduates; and gross and net tuition revenue.
- **Financial Aid Report Format** uses the Common Data Set (CDS). The Common Data Set (CDS) initiative is a national collaborative effort among data providers in the higher education community and publishers as represented by the College Board, Thomson Peterson's, and U.S. News & World Report.

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Statutory/Policy Requirement

- ABOR Board Policy 4-300; B: Policy Goals; C: Financial Aid Accountability.

Strategic Implications

- Goal one of the 2020 Vision long-term strategic plan is focused on increasing the educational attainment rate of Arizonans by 2020 to the national average or above. Affordability is a key component of this goal.
- The 2020 Vision calls for a considerable increase in the number of bachelor's degrees produced by 2020.
- In order to achieve these aggressive goals, it will be necessary to ensure that the universities remain affordable; providing financial aid is a crucial factor in this objective.

Discussion

The FY 2009 Financial Aid Report and comparisons to the FY 2008 report are summarized below.

Sources and types of aid awarded

- In 2008-2009, total financial aid from all sources in the university system amounted to \$1.3 billion, an increase of \$204.8 million or 19.4% over last year's level. ASU distributed 50% of total aid; NAU, 16%; and UA, 33%.
- The average financial aid package in FY 2009 was \$9,265, up from \$8,808 last year, a 5.2% increase per student. The average gift aid award rose from \$5,225 to \$5,444.

Students awarded aid

- 101,027 students received some form of financial aid in FY 2009, an approximate 6.8% increase over FY 2008.

Undergraduate students awarded aid

- The number of undergraduate students receiving aid in FY 2009 was 77,933, an increase of 5,796 or 8.0% over last year. During the same time, the number of minority undergraduate students receiving aid increased 17.0%.

Minority enrolled undergraduate students awarded aid

- Of all the undergraduate students showing need who were awarded any aid, 37% were minority students; 63% non-minority.

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- The average financial aid package for a family with an annual household income of less than \$20,000 was \$13,142, while a household with a family income of \$120,000 or more received an average aid package of \$6,725.

Student indebtedness upon graduation

- The average amount of undergraduate student debt upon graduation has increased (\$1,538 or 8.8%) during the past year from \$17,572 to \$19,110. Meanwhile, the average amount of graduate student debt has also increased (\$1,902 or 5.5%) from \$34,288 in 2007-08 to \$36,190 in 2008-09.
- The number of students with debt at graduation decreased; a 5.1% decrease in undergraduates and a 6.7% decrease in graduate students.

Arizona financial aid trust (AFAT) - funded by annual contributions of 1% of resident undergraduate tuition rate revenues paid by all students, matched two to one by state funds.

- 6,705 students were awarded AFAT aid with an average award of \$1,835. 99.7% of AFAT aid was awarded to undergraduate students.

Regents high honors endorsement tuition scholarship (RHHE) - provides Arizona high school students a tuition scholarship for outstanding academic achievement, demonstrated through AIMS test scores and academic performance.

- The total number of enrolled students in 2008-09 who received the RHHE award for 2008-09 was 2,914. The total value of the RHHE award in FY09 was \$14,075,595.

Average net tuition paid - Average net tuition and fees paid (for the Arizona University System) in 2008-09 for full-time resident undergraduate students.

- Average net tuition paid (tuition and mandatory fees less gift aid) by all full-time undergraduate residents was \$2,253.

FY 2010 and FY 2011 summary financial aid plans

- Estimated FY 2010 financial aid awards for the system totals \$321.0 million, an increase of \$79 million (31.3%) over estimated FY 2009. The increase is due to such factors as Board-approval of increases in tuition revenue set-aside and increases in the value of scholarships due to increases in tuition.

Key Data/Findings (System Trends and Outcomes)

The 6-year analysis highlighted below compares financial aid allocations and sources of funds between 2003-04 and 2008-09.

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Increases in Financial Aid Resources

- Over the last 6 years, total financial aid awarded increased by \$543.3 million, or 75.6%, primarily from increases in institutional aid, including tuition scholarships.
- Resources from the Arizona Financial Aid Trust fund in 2009 were \$12.3 million, up from \$3.4 million in 2004.
- The largest source and type of financial aid awards came from student loans, approximately 47.8%; the smallest source came from state funding, amounting to \$14.2 million or 1.1%.

Changes in Aid to Students

- **More Students Receive Aid:** Over the last 6 years, the number of undergraduate students receiving aid increased by 4,065, or 15.9%, while the number of minority undergraduate students receiving aid increased by 29.2%. During this same period, undergraduate enrollment increased by 12.2%.
- **Debt:** Over the last 6 years, the amount of debt at graduation has increased significantly. Undergraduate debt is up 12% from \$17,061 to \$19,110. Graduate debt has increased 10.8% from \$32,672 to \$36,190. The number of students with debt at graduation increased: a 6.5% increase in undergraduates and a 38.4% increase in graduate students.

Committee Review and Recommendation

The FY 2009 Student Financial Aid Report and FY 2010 and FY 2011 Financial Aid Plans were reviewed by the Academic Affairs Committee at its November 5, 2009 meeting and are recommended for approval.

Recommendation

It is recommended that the Board approve the FY 2009 Student Financial Aid Report and FY 2010 and FY 2011 Financial Aid Plans, as presented in this Executive Summary.