About NASFAA

Who We Are
NASFAA member institutions serve 9 out of every 10 undergraduates in the U.S.

Our Vision
Shaping the future by promoting student access and success in higher education

Our Mission
NASFAA provides professional development and services for financial aid administrators; advocates for public policies that increase student access and success; serves as a forum on student financial aid issues, and is committed to diversity throughout all activities.
Agenda

• New to the Profile
• Overview of Federal Student Aid Programs
  • Need Analysis
  • Pell Grant, Campus-Based Aid, Direct Loans
  • Legislation, Budget, Appropriations
• Lifecycle of a Student: A Financial Aid Administrator’s Perspective
• Hot Topic in Student Aid: FAFSA Simplification & Verification
• Questions & Discussion
• Repayment, loan status, and delinquency data

• Public Service Loan Forgiveness data

• NPSAS data disaggregated by:
  • Gender
  • Race/ethnicity
  • Age
  • Income
  • Parent education level
  • Undergraduate/graduate status

*NEW* to the Profile
Need Analysis
Concepts & Definitions

Cost of Attendance (COA)
Estimate of the total annual cost (including direct and indirect expenses) of attending a particular institution.

Free Application for Federal Student Aid (FAFSA)
Collects demographic, income, and asset information to determine eligibility for all Title IV programs.

Expected Family Contribution (EFC)
Measure of a family’s financial strength calculated based on FAFSA responses; used by schools as one factor to determine federal and institutional aid awards.
FAFSA Filings (in millions), 2006-07 to 2015-16

Overview: Federal Student Aid Programs
Federal Pell Grant Program

Provides grants to low-income undergraduates with the greatest demonstrated financial need

Distribution of Pell Grant Recipients by Type of Institution, Award Year 2015-16

- Public 2-year: 36%
- Public 4-year: 32%
- Private nonprofit: 17%
- Proprietary: 15%


7.8M
Total Recipients, 2015-16

$26.6B
Total Federal Volume, 2016-17

$6,095
Maximum Award, 2018-19

$3,760
Average Award, 2015-16

70%
Recipients with family incomes <$30,000, 2015-16
Pell Grant Funding

» Includes both discretionary (annual appropriations) and mandatory (set in law) funding

» Functions as an entitlement

» Funding levels subject to fluctuations in the economy and other unpredictable factors

Federal Pell Grant Program Volume in Current and Inflation-Adjusted Dollars (in millions), 2006-07 to 2016-17

Campus-Based Aid

Federal Supplemental Educational Opportunity Grant (FSEOG)

Federal Work-Study (FWS)

Federal Perkins Loan
FSEOG Program

Provides grants to undergraduates with the greatest demonstrated financial need (requires institutional match)

Distribution of FSEOG Recipients by Type of Institution, Award Year 2015-16

- Public 2-year: 26%
- Public 4-year: 31%
- Private non profit 2-year: 9%
- Private non profit 4-year: 11%
- Proprietary 2-year: 22%
- Proprietary 4-year: 1%

FWS Program

Provides part-time jobs to financially needy undergraduate and graduate/professional students (requires non-federal match)

Distribution of FWS Recipients by Type of Institution, Award Year 2015-16

- Public 2-year: 51%
- Public 4-year: 35%
- Private nonprofit 2-year: 11%
- Private nonprofit 4-year: 2%
- Proprietary 2-year: 1%
- Proprietary 4-year: 2%

Federal Perkins Loan Program

Provided low-interest loans to financially needy undergraduate and graduate/professional students (required institutional match)

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Distribution of Perkins Loan Recipients by Type of Institution, Award Year 2015-16

- 51% Public 2-year
- 47% Public 4-year
- 2% Private non profit 2-year
- 2% Private non profit 4-year
- 2% Proprietary 2-year
- 2% Proprietary 4-year


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422,000
Total Recipients, 2015-16

$2,479
Average Award, 2015-16

73%
of independent recipients with incomes <$20,000, 2015-16

33%
Minimum Institutional Funding Share

Sept. 2017
Statutory authority to make Perkins Loans expired
Percentage Distribution of Undergraduate Federal Campus-Based Aid Recipients by Race/Ethnicity, Gender, and Aid Type, 2015-16

Campus-Based Aid | Undergraduate

Percentage Distribution of Undergraduate Federal Campus-Based Aid Recipients by Attendance Intensity and Aid Type, 2015-16

Source: U.S. Department of Education, NPSAS:16
## Campus-Based Aid | Graduate

### Percentage Distribution of Total Graduate Federal Campus-Based Aid Recipients by Student Characteristics, 2015-16

<table>
<thead>
<tr>
<th>Adjusted Gross Income</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
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<tr>
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<td>Other/more than one</td>
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### Source

U.S. Department of Education, NPSAS:16
Federal Loan Programs

**Federal Family Education Loan Program (FFELP):** Utilized private and nonprofit funding alongside federal guarantees and support – ceased operations in 2010

**William D. Ford Direct Student Loan Program:**

» **Direct Subsidized Loans**
  - Undergraduate students only
  - Must demonstrate financial need
  - Gov. pays interest while student is in school, 6-month grace period, and deferment

» **Direct Unsubsidized Loans**
  - Undergraduate and graduate/professional students
  - No income/need requirement
  - Recipients charged interest at all times

» **PLUS Loans**
  - Parents of dependent undergraduates
  - Graduate/professional students
  - No income/need requirement (must pass credit-check)
## Federal Direct Loan Programs

<table>
<thead>
<tr>
<th></th>
<th>Subsidized Loans</th>
<th>Unsubsidized Loans</th>
<th>PLUS Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Borrowers</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2016-17</td>
<td>5.8M</td>
<td>7.1M</td>
<td>855,000 parent</td>
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<td></td>
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<td></td>
<td>403,341 graduate</td>
</tr>
<tr>
<td><strong>Total Loan Volume</strong></td>
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</tr>
<tr>
<td>2016-17</td>
<td>$22B</td>
<td>$49B</td>
<td>$22B</td>
</tr>
<tr>
<td><strong>Average Loan</strong></td>
<td></td>
<td></td>
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<tr>
<td>2016-17</td>
<td>$3,743 undergrad</td>
<td>$4,023 undergrad</td>
<td>$14,665 parent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$18,132 graduate</td>
<td>$23,228 graduate</td>
</tr>
</tbody>
</table>
Origination Fees

» Direct Loan borrowers must pay an origination fee on every new loan disbursed:

- **1 percent** (+ annual increase) for subsidized and unsubsidized loans
- **4 percent** (+ annual increase) for PLUS loans

<table>
<thead>
<tr>
<th>Origination fees on loans first disbursed on or after</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidized and Unsubsidized Direct Loans</td>
</tr>
<tr>
<td>PLUS Loans</td>
</tr>
</tbody>
</table>
# Interest Rates

<table>
<thead>
<tr>
<th></th>
<th>Subsidized/Unsubsidized Undergraduate</th>
<th>Unsubsidized Graduate</th>
<th>PLUS Loans Parent/Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-2017</td>
<td>3.76%</td>
<td>5.31%</td>
<td>6.31%</td>
</tr>
<tr>
<td>2017-2018</td>
<td>4.45%</td>
<td>6.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2018-2019</td>
<td>5.05%</td>
<td>6.60%</td>
<td>7.60%</td>
</tr>
</tbody>
</table>
Loan Limits

» Annual loan limits vary by dependency status and academic grade level

» Aggregate loan limits:

<table>
<thead>
<tr>
<th></th>
<th>Dependent Students</th>
<th>Independent Students</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Undergraduate Students</strong></td>
<td>$31,000 (No more than $23,000 can be subsidized.)</td>
<td>$57,500 (No more than $23,000 can be subsidized.)</td>
</tr>
<tr>
<td><strong>Graduate Students</strong></td>
<td>N/A</td>
<td>$138,500 (No more than $65,500 can be subsidized. Undergraduate borrowing counts toward graduate aggregate limit.)</td>
</tr>
</tbody>
</table>
Federal Student Loan Volume (Inflation-Adjusted Dollars, in millions), 2006-07 to 2016-17

Federal Student Loans | Undergraduate

Cumulative Federal Loan Amounts for Undergraduates, 2015-16

Source: U.S. Department of Education, NPSAS:16
Federal Student Loans | Undergraduate

Percentage Distribution of Undergraduate Federal Loan Recipients by Race/Ethnicity, Gender, and Loan Type, 2015-16

Source: U.S. Department of Education, NPSAS:16
Federal Student Loans | Graduate

Cumulative Federal Loan Amounts for Graduate Students’ Undergraduate and Graduate Education, 2015-16

- None: 34%
- $1-9,999: 11%
- $10,000-19,999: 9%
- $20,000-39,999: 12%
- $40,000-59,999: 6%
- $60,000-79,999: 5%
- $80,000-99,999: 11%
- $100,000 or more: 8%

Source: U.S. Department of Education, NPSAS:16
Federal Student Loans | Graduate

Percentage Distribution of Total Graduate Federal Loan Recipients, by Student Characteristics, 2015-16

Adjusted Gross Income

- Less than $20,000
- $20,000-39,999
- $40,000-59,999
- $60,000-79,000
- $80,000-99,999
- $100,000 or more

Age

- 15-23
- 24-29
- 30 or above

Race/Ethnicity

- Asian
- Black or African American
- Hispanic or Latino
- White
- Other/more than one

Gender

- Female
- Male

Source: U.S. Department of Education, NPSAS:16
Loan Repayment

Dollars Outstanding (in billions) by Repayment Plan, as of September 30, 2017

- Fixed Payments: 10 Yrs or Less
- Fixed payments: More Than 10 Yrs
- Graduated Payments: 10 Yrs or Less
- Graduated Payments: More Than 10 Yrs
- Income-Sensitive
- Income-Contingent
- Income-Based
- Pay As You Earn
- REPAYE
- Alternative
- Other

Source: National Student Loan Data System (NSLDS), available from FSA Data Center
Loan Status

Dollars Outstanding (in billions), by Loan Status, as of September 30, 2017

Source: National Student Loan Data System (NSLDS), available from FSA Data Center
Delinquency

Distribution of Direct Loan Dollars Outstanding (in billions) for Borrowers in Repayment Status, by Delinquency Status, as of September 30, 2017

- 85% Current Repayment
- 13% 31-270 Days Delinquent
- 2% In default
- 0% In default

A loan becomes delinquent the first day after a borrower misses a payment.

At 90 days delinquent, loan servicers report borrowers to national credit bureaus.

Source: National Student Loan Data System (NSLDS), available from FSA Data Center
Public Service Loan Forgiveness (PSLF)

- Established under the College Cost Reduction and Access Act of 2007
- After making 120 qualifying loan payments, eligible borrowers’ remaining balances are forgiven
- Must submit an “Employment Certification Form” (ECF) confirming public service requirement to receive forgiveness
- Fewer than 1,000 borrowers are expected to receive loan forgiveness in 2018

Cumulative Borrowers with One or More Approved ECFs, 2012-17

Source: FedLoan Servicing, available from FSA Data Center
Student Aid Legislation Introduced by Topic, 2017

- Loans & Repayment: 30%
- Quality & Accountability: 15%
- Consumer Information & Transparency: 14%
- Pell Grants: 11%
- Tax Issues: 8%
- Military & Veterans Aid: 6%
- Student Aid Funding: 5%
- FAFSA Simplification: 5%
- Immigration: 5%
- Campus-Based Programs: 2%

Source: NASFAA Legislative Tracker
FY 2018 Budget & Appropriations

• Increases:
  • Pell Grant
  • FSEOG
  • FWS
• Children of Fallen Heroes Scholarship
• Public Service Loan Forgiveness funds

<table>
<thead>
<tr>
<th>Program</th>
<th>Change FY17 - FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pell Grant (discretionary)</td>
<td>$0</td>
</tr>
<tr>
<td>Pell Grant maximum award</td>
<td>+$175</td>
</tr>
<tr>
<td>FSEOG</td>
<td>+$107 million</td>
</tr>
<tr>
<td>FWS</td>
<td>+$140 million</td>
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</tbody>
</table>
The Challenge of Verification

• The Department of Education (ED) requires schools to verify information submitted on the FAFSA.

• The concept of verification is important.

• Selection for verification is based on internal ED calculations, though Pell Grant recipients are most likely to be selected.

• Verification is inherently confusing, and for those students selected, the process may result in postponing college-going temporarily or permanently.
71% of aid administrators surveyed agree that verification places unnecessary burdens on low-income students and families.

Disagree, 20%
Neither agree nor disagree, 8%
Agree, 71%

JUST **ONE IN TEN** FINANCIAL AID ADMINISTRATORS SURVEYED SAID THAT VERIFICATION OFTEN RESULTS IN A SIGNIFICANT CHANGE TO A STUDENT’S AID PACKAGE

MORE THAN 1/2 OF AID ADMINISTRATORS SURVEYED SAID THAT VERIFICATION ALMOST ALWAYS, OFTEN OR SOMETIMES RESULTS IN STUDENTS BEING UNABLE TO ENROLL ON TIME

NASFAA’s FAFSA Simplification Proposal

Following demographic/dependency questions, filers directed to:

PATH 1
Applicant eligible for maximum Pell Grant. No additional financial information requested

PATH 2
Applicant must provide limited financial information
Applicant must provide limited income and asset information

PATH 3
Applicant must provide complete income and asset information
NASFAA’s FAFSA Simplification Proposal

Number of Questions by Pathway (minus demographics):

» **Path 1**: 6-30 questions

» **Path 2**: 24-35 questions

» **Path 3**: 26-37 questions

Current maximum number of questions for a dependent student is 136
OF 1.8 MILLION LOW-INCOME HIGH SCHOOL SENIORS

968K WILL SUBMIT A FAFSA
MORE THAN 45% OF LOW-INCOME SENIORS MAY NOT SUBMIT A FAFSA

45%

817K WILL COMPLETE A FAFSA
409K 50% ARE SELECTED FOR VERIFICATION

90K OR 22% OF THOSE SELECTED FOR VERIFICATION WILL EXPERIENCE “VERIFICATION MELT.”

90K

728K STUDENTS ARE AWARDED A PELL GRANT
180K OR 25% OF THOSE WHO ARE AWARDED A PELL GRANT WILL EXPERIENCE “SUMMER MELT.”

548K

(1 FIGURE REPRESENTS 100K STUDENTS)

THE LEAKY FAFSA PIPELINE
PATHWAY OF LOW-INCOME STUDENTS THROUGH THE FAFSA PROCESS

TOP REASONS FOR NOT SUBMITTING A FAFSA
1: DO NOT KNOW HOW OR THAT THEY COULD
2: ARE DEBT AVERSE OR THINK CREDIT IS TOO LOW
3: ARE NOT PURSUING COLLEGE
4: THE FORM IS TOO COMPLICATED

ONLY 31%
OF LOW-INCOME STUDENTS ENROLL USING A PELL GRANT