

Trends in Higher Education Series

# Trends in Student Aid 2012



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# Highlights

The recent focus on student debt makes reliable data about how much students are borrowing, how borrowing patterns differ among students across different types of institutions and at different levels of enrollment, and about changes over time particularly important. While total student borrowing has grown rapidly over the past decade, the rate of growth has decreased in recent years.

The total volume of education loans disbursed doubled from \$55.7 billion (in 2011 dollars) to \$113.4 billion between 2001-02 and 2011-12. Over these years, the number of Stafford Loan borrowers almost doubled, while the average amount borrowed from subsidized and unsubsidized Stafford Loans combined increased by 8%, from \$7,627 (in 2011 dollars) to \$8,230.

The growth rate in education loans from 2001-02 to 2011-12 was slower than over the previous decade, when the total grew 150%, from \$22.3 billion (in 2011 dollars) to \$55.7 billion. Moreover, the total volume of education loans disbursed increased by 64% in inflation-adjusted dollars between 2001-02 and 2006-07, and the growth rate slowed to 24% over the next five years.

## TYPES OF STUDENT AID

In 2011-12, undergraduate students received an average of \$13,218 per full-time equivalent (FTE) student in financial aid, including \$6,932 in grant aid from all sources, and \$5,056 in federal loans.

- Graduate students received an average of \$25,152 per FTE in aid, including \$7,417 in grant aid and \$16,796 in federal loans.
- In 2011-12, \$236.7 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 about \$8.1 billion from private, state, and institutional sources to help finance their education.
- An estimated 13.1 million tax filers benefited from federal education tax credits and deductions in 2010 — more than the number of students benefiting from any other federal aid program in 2011-12. About 9.4 million students received Pell Grants and about 10.4 million took out Stafford Loans.
- There were 1.4 million recipients of the Federal Supplemental Educational Opportunity Grant (FSEOG), 684,000 Federal Work-Study (FWS) participants, and 524,000 Perkins Loan recipients in 2011-12.
- The American Opportunity Tax Credit (AOTC), introduced in 2009, increased the total tax savings for college students and their parents claiming education credits and tuition deductions from \$7.0 billion (in 2011 dollars) in 2008 to \$15.4 billion in 2009 and to \$18.8 billion in 2010.
- Veterans benefits and military aid increased from 19% to 27% of total federal grants over the decade from 2001-02 to 2011-12.

## SOURCES OF GRANT AID

Federal grant aid almost tripled in constant dollars between 2001-02 and 2011-12, increasing from 20% to 26% of the total \$185.1 billion in undergraduate aid.

- In 2011-12, 44% of all grant aid (and 49% of undergraduate grant aid) came from the federal government. Ten years earlier, only 32% of all grant aid (and 37% of undergraduate grant aid) was federal.
- In 2011-12, 37% of all grant aid came from colleges and universities, 9% came from state governments, and 10% came from employers and other private sources.

## PELL GRANTS

The number of students receiving Pell Grants, the central federal grant program providing funding for low- and moderate-income students, increased from 2.7 million in 1981-82 and 3.8 million in 1991-92 to 4.3 million in 2001-02 and to 9.4 million (37% of all undergraduates) in 2011-12.

- Total Pell Grant expenditures increased from \$12.7 billion (in 2011 dollars) in 2001-02 to \$37.0 billion in 2010-11, but declined to an estimated \$34.5 billion in 2011-12.
- Only undergraduate students who have an expected family contribution of zero and enroll full-time/full-year receive the maximum Pell Grant. In 2010-11 (when some students could receive more than one grant in a 12-month period), 31% of Pell Grant recipients received at least \$5,550 in Pell funding — the maximum for a single award. In 2008-09, 25% of Pell Grant recipients were awarded the maximum Pell Grant of \$4,731 (in current dollars).
- The average Pell Grant per recipient was \$2,094 (in 2011 dollars) in 1981-82, \$2,538 in 1991-92, \$2,925 in 2001-02, and \$3,685 in 2011-12.
- The \$5,550 maximum Pell Grant in 2011-12 was about equal to the 1976-77 maximum grant of \$1,400 after adjusting for inflation. The number of recipients in 2011-12 was five times as high as it was in 1976-77.
- About half of all 2010-11 Pell Grant recipients were age 24 or older. Sixty percent of Pell Grant recipients are independent students.

## DISTRIBUTION OF STUDENT AID

The composition of student aid is very different for undergraduates than for graduate students. In 2011-12, the estimated 25.5 million undergraduates received 51% of their aid in the form of grants, 40% as loans, and 9% in a combination of tax credits or deductions and Work-Study. For the 3.9 million graduate students, these percentages were 29%, 68%, and 3%, respectively.

- In 2010-11, 40% of Pell Grant recipients were dependent on their parents for support, and 58% of these students came from families with incomes of \$30,000 or less.
- Of the savings from tax credits, 23% went to households with incomes between \$100,000 and \$180,000 in 2010; 60% of the tuition tax deduction benefit went to households with incomes between \$100,000 and \$160,000.
- Because the AOTC is partially refundable, 24% of the savings from tax credits went to households with Adjusted Gross Income (AGI) below \$25,000 in 2010. Only 3% of the tax deduction benefit went to households in this income category.
- The 30% of FTE undergraduate students in public two-year colleges received 34% of all Pell Grant funds in 2011-12. The 12% enrolled in for-profit institutions received 21% of the total.
- The 20% of FTE postsecondary students in private nonprofit four-year colleges received 45% of the campus-based federal aid funds in 2011-12. The 26% in public two-year colleges received 10% of the FSEOG, Work-Study, and Perkins Loan funds.
- In 1985-86, 9% of all state grant aid for undergraduate students was awarded without regard to the students' financial circumstances. By 2005-06, this percentage had risen to 28%; in 2010-11, it was 29%.
- In 2010-11, state grant aid per full-time equivalent (FTE) undergraduate student averaged \$660, but ranged from under \$100 in eight states to over \$1,000 in eight states.
- Ninety-two percent of institutional grant aid at the most selective private nonprofit four-year colleges and universities was used to meet students' financial need in each year from 2007-08 through 2011-12. At less selective institutions in this sector, more of the grant aid goes to students without financial need.

## STUDENT BORROWING

Total education borrowing, including federal student and parent loans, as well as nonfederal loans, declined by 4% in real terms between 2010-11 and 2011-12 — the first decline in at least

20 years. However, the 2011-12 total of \$113.4 billion was 24% higher than five years earlier.

- From 2001-02 to 2011-12, average total borrowing per FTE student for undergraduate and graduate students combined increased by 55% in inflation-adjusted dollars.
- The percentage of undergraduate students taking federal Stafford Loans increased from 23% in 2001-02 to 35% in 2011-12. Three-quarters of 2010-11 Stafford borrowers took a combination of subsidized and unsubsidized loans; 17% took only subsidized loans.
- The average amount borrowed by undergraduates from the Stafford Loan program declined from \$5,767 (in 2011 dollars) in 2001-02 to \$5,538 in 2006-07, but increased to \$6,676 by 2011-12.
- Nonfederal education loans, which are not part of the student aid system and do not involve subsidies, grew from an estimated \$7.9 billion (in 2011 dollars) in 2001-02 to \$25.2 billion in 2007-08. Since that year, student loan volume from banks, credit unions, states, and institutions has declined to about \$8.1 billion.

## STUDENT DEBT

Only 2% of students who first enrolled in 2003-04 had borrowed more than \$50,000 from federal and nonfederal sources combined by 2009. Over 40% did not borrow and another 25% borrowed \$10,000 or less.

- Among students who first enrolled in 2003-04 and earned bachelor's degrees by 2009, 2% had last attended for-profit institutions. Among those who had borrowed \$75,000 or more, 18% had last attended for-profit institutions.
- In 2010-11, about 57% of public four-year college students graduated with debt. They had borrowed an average of \$23,800 (in 2011 dollars). About two-thirds of those earning bachelor's degrees from private nonprofit institutions had debt averaging \$29,900.
- Among public bachelor's degree recipients, borrowing grew more rapidly from 2005-06 to 2010-11 than it had in the preceding five years, but among private nonprofit graduates, the growth in borrowing was slower in the more recent years.
- By September 30, 2011, 9.1% of borrowers who entered repayment in 2009-10 defaulted on their federal student loans. This was the highest cohort default rate since 1996, but the default rates were 21% and 22% in 1989 and 1990, respectively.
- For-profit institutions accounted for 12% of all students enrolled in 2008-09, 28% of those who entered repayment in FY 2009, and 47% of those who defaulted by the end of September 2011.

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# Introduction

College prices, student aid, student debt, and college affordability are common topics of conversation in the popular press, in political debates, and around the dinner tables of current and prospective students. Unfortunately, much of the discussion occurs with limited knowledge of the facts. It is difficult for people to understand how the complex system of college pricing and student aid works, and many people form strong opinions without access to data describing the reality of how much and in what ways people pay for college. *Trends in Student Aid* and the companion publication, *Trends in College Pricing*, provide a wide array of data that can contribute to the development of solutions to the serious problems our nation faces relating to the financing of postsecondary education.

The recent dramatic increase in spending on Pell Grants — reported in both the 2010 and 2011 editions of *Trends in Student Aid* — has generated some concern about the long-term viability of this core program as currently structured. It is clear that the growth in the program stemmed from a combination of policy changes, sharp increases in enrollment, and financial constraints facing students and families in a weak economy with continuing high unemployment. The worry has not been — and should not be — that the near doubling of Pell expenditures from \$18.8 billion in 2008-09 (in 2011 dollars) to \$37.0 billion in 2010-11 represented a new equilibrium growth rate. If this was in fact a focus for some observers, the \$1.1 billion decline in total Pell expenditures in 2011-12 should be reassuring. After increasing by 80% from 2006-07 to 2010-11, the number of recipients was stable in 2011-12, and equaled 37% of all undergraduate students. The average grant per student declined in 2011-12, when the brief experiment that allowed students to receive more than one grant during an academic year was suspended.

The goal of increasing the number of adults with quality college credentials is widely shared. Rising published tuition levels, particularly at public colleges and universities, make the role of student aid in diminishing financial barriers ever more critical. At the same time, many observers are focusing on the extent to which our complex financial aid system is effectively supporting college success, as opposed to just enabling access. Concern over long-term budget deficits at the federal level, a lower priority on education funding in most state budgets, and a sharp focus not just on the dollars spent on government programs, but also on the effectiveness of those dollars, makes increased scrutiny of the design of student aid programs likely.

This edition of *Trends in Student Aid* reports on the break in the upward trend in Pell expenditures and continuing growth in education subsidies offered through the tax code, which now reach more students than any other federal aid program. It also documents large increases in the number of students borrowing — but smaller increases in both the average debt per student and in the percentage of all students who borrow. Reports of a student debt “crisis” are frequently exaggerated, but the reality that some students borrow more than they can reasonably expect to repay

raises important questions about whether or not the system is working as well as it could.

This report puts recent changes into historical context and provides important background for ongoing conversations about the roles of federal, state, institutional, and private partners in helping students and families to finance postsecondary education. Only policy reforms based on reliable data and analyses can assure that the financial aid system continues to increase educational opportunities for students and to support the development of a more productive labor force and a more educated society.

## TRENDS IN STUDENT AID

*Trends in Student Aid*, an annual College Board publication since 1983, is a compendium of detailed, up-to-date information on the funding that is available to help students pay for college. This report documents grant aid from federal and state governments, colleges and universities, employers, and other private sources, as well as loans, tax benefits, and Federal Work-Study assistance. It examines changes in funding levels over time, reports on the distribution of aid across students with different incomes and attending different types of institutions, and tracks the debt students incur as they pursue the educational opportunities that can increase their earnings, open doors to new experiences, and improve their ability to adapt to an ever-changing society.

*Trends in College Pricing*, a companion report, relies on data from the College Board’s *Annual Survey of Colleges (ASC)* to provide information on changes in undergraduate tuition and fees, room and board, and other estimated expenses related to attending colleges and universities. Although data for *Trends in Student Aid 2012* end with the 2011-12 academic year, *Trends in College Pricing 2012* includes information on published prices for the 2012-13 academic year. The Trends website makes data easily available for reference and downloading.

## TOTAL STUDENT AID

Table 1 of *Trends in Student Aid* reports on the total funds available to postsecondary students, both undergraduate and graduate, to supplement family and student payments over the decade from 2001-02 to 2011-12. Together with students’ savings and earnings, as well as support from parental earnings, savings, and borrowing from other sources, these funds contribute to making higher education financially accessible. Increases in total funds are important indicators of the resources being devoted to student assistance. But these figures may create an overly optimistic view of the benefits available to individual students because they do not account for increases in the number of students enrolled in postsecondary education.

Figure 1 shows the funds detailed in Table 1 divided across full-time equivalent (FTE) students. Between 2001-02 and 2011-12, total FTE postsecondary enrollment increased by 34%, with 3.5 million more FTE undergraduates and 570,000 more graduate students enrolled at the end of the decade. The 118% increase (after adjusting for

inflation) in total financial aid over the decade amounted to a 62% increase in aid per FTE student.

The data in Table 1 have been adjusted for inflation. Similar tables in current dollars (unadjusted) and that separate undergraduates from graduate students and include data going back to 1963 are available online.

## TYPES OF STUDENT AID

From the student's perspective, grant aid, which is a pure subsidy not requiring repayment, is the most desirable form of financial aid. Tax credits and deductions are also pure subsidies, but the fact that the savings generally materialize months after the tuition bills have been paid makes them less effective in facilitating college access.

Education loans postpone, but do not eliminate, student payments. However, because most federal loans do reduce the overall cost of education for students — although by much less than the face value of the loans — they qualify as a form of student aid. The government pays the interest on subsidized Stafford Loans and Perkins Loans while the student is in school. Other federal loans also carry interest rates that are controlled by legislation. In contrast, nonfederal education loans from banks, other private lending institutions, and (on a smaller scale) states and postsecondary institutions, are generally not subsidized at all. Their value is in providing liquidity for students who have no other means of accessing funds. We report on nonfederal student loans because of their importance, but since they do not carry subsidies, we do not include them in our measures of student aid.

A small amount of student aid comes from the Federal Work-Study (FWS) Program, under which the federal government provides funds to institutions to subsidize the wages they pay to some student workers with documented financial need. Although these funds are packaged along with grants and loans to help students pay their bills, from the students' perspective, they are wages received for services performed. In *Trends 2012*, we include only the federal share of FWS earnings in our measure of student aid.

As Figures 4A and 4B reveal, the composition of aid received by graduate students is quite different from that of the aid on which undergraduates rely. Grants constituted 51% of the aid received by undergraduates in 2011-12, but only 29% of the aid received by graduate students. Federal loans made up 68% of graduate student aid, compared to 40% of undergraduate aid. The teaching and research assistantships from which many graduate students benefit are a form of compensation and are not included here.

## FEDERAL AID

Like other need-based aid programs, Pell Grant eligibility is based on the information provided by students and parents on the Free Application for Federal Student Aid (FAFSA) and the Federal Methodology (FM) formula. Eligibility for Pell Grants does not differ depending on the charges at the school attended. In contrast, subsidized Stafford Loan eligibility is based on both the student's financial circumstances and the cost of attendance at her institution. Campus-based federal funds, including FWS, Federal Supplemental Educational Opportunity Grants (FSEOG),

and Perkins Loans are also need-based. However, these funds are distributed to institutions based on a complex formula, and the institutions allocate them to students with financial need.

Unsubsidized Stafford Loans are available to students regardless of their financial circumstances and PLUS Loans require only the absence of adverse credit. Figures 8A and 8B illustrate the distribution of these various forms of aid to students at different types of institutions. Aid to veterans and military personnel now constitutes 27% of all federal grants awarded to students and federal tax credits and deductions provide almost 40% as much assistance as all forms of federal grants.

## GRANT AID

Grant aid comes from the federal government, state governments, employers and other private sources, and from colleges and universities in the form of discounts applied to the published price. As Figure 5 shows, federal grants declined from 40% to 29% of total grant aid over the 1990s, then increased from 33% to 44% of the total between 2008-09 and 2009-10. Colleges and universities continue to increase their grant aid every year, and institutional grant aid accounted for 37% of all grant aid in 2011-12. In 2011-12, the federal share was 44% and state grant aid, which increased by 4% in inflation-adjusted dollars between 2010-11 and 2011-12, contributed 9%. Figures 17B and 18A detail some of the variation across states in their grant funding for college students.

Students whose family incomes are too low to generate any expected family contribution qualify for the maximum Pell Grant, which is the most frequently cited descriptor of Pell funding levels. About two-thirds of 2010-11 Pell Grant recipients qualified for the maximum grant of \$5,550, but about half of these students received a smaller grant because they did not enroll full-time for the full year. In 2011-12, when the maximum Pell Grant was \$5,550, about 9.4 million students received an average of \$3,685 from the program.

In addition to total and per-student amounts of grant aid, *Trends in Student Aid* reports on the distribution of grant aid among students. Some students' parents are able to provide them with the financial resources necessary to pay tuition and fees, as well as other costs associated with going to college, without serious difficulty. For many others, postsecondary education would be out of the question without generous subsidies from the government, their colleges and universities, or other sources. As college prices and the other expenses associated with college attendance continue to rise more rapidly than income, more students and potential students fall into the second category.

Federal grants are targeted at low- and moderate-income students, but both states and institutions frequently consider factors other than, or in addition to, financial circumstances when allocating their aid. Figures 17A and 17B show changes over time and variation across states in the distribution of need-based and non-need-based grant aid. The trend toward allocating state grants without regard to financial circumstances has leveled off, and 14 states consider



ability to pay in the allocation of all of their grant funds. Figures 19A and 19B put a similar focus on institutional grants.

## LOANS

The federal government, the primary source of education loans, offers several different types of loans. As of July 1, 2010, the federal government no longer guarantees education loans made by banks and other private lenders, but funds these loans through the Federal Direct Student Loan Program (FDSLSP). Major federal education loan programs include those for undergraduate students with documented financial need (Subsidized Stafford Loans), for undergraduate and graduate students (Unsubsidized Stafford Loans), for graduate students only (GradPLUS), for parents (PLUS), and for students with high need at some institutions (Perkins). The conditions and interest rates vary by program. As of 2012-13, interest will accrue on all of the loans taken by graduate students, but about half of the undergraduate Stafford Loans will carry the in-school interest subsidy.

Figure 9A reports on default rates for federal student loans. In the current weak economy, default rates have risen measurably, although the current 9.1% two-year cohort default rate (CDR) is much lower than the peak of 22% in 1990-91. The federal government is in the process of extending the window for inclusion in the official measure of default from two years to three years after entering repayment. Students who default later in the repayment period will still be excluded from the official count. If more students took advantage of the Income-Based Repayment option, which limits payments owed to a manageable percentage of discretionary income, inadequate earnings would not lead them to default on their student loans. Nonfederal loans, however, are not eligible for this protection.

The private loan market is an important supplementary source of funds for students, but the loans generally have higher interest rates over the long term and less favorable repayment provisions than federal loans. The recent difficulties facing credit markets in general, combined with increases in the availability of federal student loans, are reflected in diminished use of private education loans. Beginning in 1995-96, the College Board *Trends* staff conducted an annual survey of private lenders to compile the best possible estimate of this form of lending. In 2011 and 2012, we benefited from the assistance of the Consumer Bankers Association, which provided the information on total private student loans compiled through MeasureOne. In addition, we surveyed the major credit unions that extend student loans to obtain a national estimate from these lenders. The totals for nonfederal loans also include information on the loans states make to students and on those that institutions provide to their students. The National Association of Student Financial Aid Administrators (NASFAA) worked with us this year and last year to survey its members and to collect data on the volume of institutional lending in recent years. Combining these data with information from the *National Postsecondary Student Aid Study (NPSAS)*, we estimate that students borrowed about \$730 million from their institutions

in 2011-12. Like our estimates of grants from private sources (compiled with the assistance of the National Scholarship Providers Association), our estimates in this area are less precise than most of the data on student financial aid that we report.

Total education borrowing declined from \$118.5 billion (in 2011 dollars) in 2010-11 to \$113.4 billion in 2011-12 — the first such decline in at least 20 years. But this leaves the total almost 25% higher than it was five years earlier. Interpreting the growth in total education loan volume is difficult because it is a reflection of both increases in enrollment and declines in the availability of other appealing sources of borrowing, such as home equity loans. The real concern about student loans is the amount of debt that individual students accumulate. Student loans make it possible for many students who could not otherwise pay for college to gain the postsecondary experience they need to improve their life prospects. Just as most small business start-ups would be impossible to launch without loans that can be repaid out of future earnings, many students would be unable to invest in themselves without debt financing. Although postsecondary education has a higher success rate in terms of future earnings than small businesses, excessive debt and barriers to managing that debt create major difficulties for many students.

Stories in the press about individual students with startling amounts of debt obscure actual borrowing patterns. As Figure 11A reports, only 2% of students who first enrolled in 2003-04 had borrowed more than \$50,000 by 2008-09. The vast majority of these borrowers had earned bachelor's degrees by that year. In contrast, over 40% of those who did not borrow or who borrowed less than \$10,000 were no longer in school in 2008-09 and had not earned a degree or certificate.

Figures 12A and 12B indicate that 2010-11 bachelor's degree recipients graduated with markedly higher debt levels than those who graduated two years earlier. The average debt of those who graduated in 2008-09 from the public four-year institution at which they began their studies was \$20,800 (in 2011 dollars) — less than the average of \$21,500 three years earlier. By 2010-11, however, that average had increased to \$23,800. About one-third of all bachelor's degree recipients graduate without debt.

## THE CONSUMER PRICE INDEX

We provide much of our data in constant dollars, adjusting values for changes in the Consumer Price Index (CPI). We use the change in the CPI from July 2010 to July 2011 to compare the value of aid in 2010-11 to the value in 2011-12. Following a decline of 2.1% from 2008-09 to 2009-10 and an increase of 1.2% in 2010-11, the CPI increased by 3.6% between July 2010 and July 2011.

*The tables supporting all of the graphs in the Trends publications, PDF versions of the publications, PowerPoint files containing individual slides for all of the graphs, and other detailed data on student aid and college pricing are available on our website at [trends.collegeboard.org](http://trends.collegeboard.org). Please feel free to cite or reproduce the data in Trends for noncommercial purposes with proper attribution.*

# Total Student Aid

Grants constituted 24% of federal aid in 2001-02, 22% in 2006-07, and 28% in 2011-12. Loans increased from 66% of federal aid in 2001-02 to 70% in 2006-07, but declined to 61% in 2011-12.

- The federal government's share of total student aid increased from 67% in 2001-02 and 2006-07 to 75% in 2010-11, and was 73% in 2011-12.
- During the 2011-12 academic year, \$236.7 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 about \$8.1 billion from private, state, and institutional sources to help finance their education.
- In 2011-12, undergraduate students received 98% of federal grant aid and 99% of state grant aid, but only 67% of federal loans.
- Private education loans, which are not part of the student aid system and do not involve subsidies, grew from \$6.4 billion (in 2011 dollars) in 2001-02 to \$22.9 billion in 2007-08. Since that year, student loan volume from banks, credit unions, and other private lenders has returned to its 2001-02 level.

TABLE 1

Total Student Aid and Nonfederal Loans Used to Finance Postsecondary Education Expenses in 2011 Dollars (in Millions), 2001-02 to 2011-12

	Academic Year										Preliminary 11-12	10-Year % Change	
	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11			
<b>Federal Programs</b>													
<b>Grants</b>													
Pell Grants	\$12,696	\$14,603	\$15,612	\$15,686	\$14,676	\$14,230	\$15,918	\$18,786	\$31,465	\$36,972	\$34,532		172%
SEOG	\$879	\$909	\$933	\$919	\$900	\$856	\$836	\$778	\$772	\$785	\$736		-16%
LEAP	\$70	\$83	\$81	\$78	\$75	\$72	\$70	\$66	\$66	\$63	\$63		
Academic Competitiveness Grants	—	—	—	—	—	\$269	\$335	\$349	\$503	\$573	—		
SMART Grants	—	—	—	—	—	\$228	\$222	\$205	\$377	\$448	—		
Veterans	\$2,397	\$2,901	\$3,264	\$3,593	\$3,673	\$3,658	\$3,771	\$4,297	\$8,934	\$10,986	\$12,177		408%
Military and Other Grants	\$1,265	\$1,317	\$1,572	\$1,746	\$1,735	\$1,791	\$1,855	\$1,839	\$1,855	\$1,869	\$1,876		48%
<b>Total Federal Grants</b>	<b>\$17,307</b>	<b>\$19,814</b>	<b>\$21,461</b>	<b>\$22,022</b>	<b>\$21,059</b>	<b>\$21,103</b>	<b>\$23,007</b>	<b>\$26,320</b>	<b>\$43,971</b>	<b>\$51,696</b>	<b>\$49,321</b>		<b>185%</b>
<b>Loans</b>													
Perkins Loans	\$1,577	\$1,832	\$2,013	\$1,970	\$1,842	\$1,796	\$1,500	\$987	\$858	\$888	\$970		-38%
Subsidized Stafford	\$22,136	\$24,499	\$27,075	\$28,420	\$28,258	\$27,770	\$31,560	\$33,923	\$39,913	\$42,133	\$39,992		81%
(FDLP)	(\$6,522)	(\$6,881)	(\$6,970)	(\$6,791)	(\$6,326)	(\$5,771)	(\$6,358)	(\$8,506)	(\$15,696)	(\$42,133)	(\$39,992)		513%
(FFELP)	(\$15,614)	(\$17,618)	(\$20,106)	(\$21,628)	(\$21,931)	(\$21,999)	(\$25,202)	(\$25,417)	(\$24,217)	(\$0)	(\$0)		
Unsubsidized Stafford	\$18,686	\$21,320	\$24,078	\$26,057	\$27,297	\$27,032	\$29,707	\$41,519	\$48,795	\$49,018	\$45,861		145%
(FDLP)	(\$5,011)	(\$5,404)	(\$5,448)	(\$5,445)	(\$5,369)	(\$4,940)	(\$5,343)	(\$9,576)	(\$18,676)	(\$49,018)	(\$45,861)		815%
(FFELP)	(\$13,675)	(\$15,916)	(\$18,630)	(\$20,613)	(\$21,927)	(\$22,091)	(\$24,364)	(\$31,944)	(\$30,119)	(\$0)	(\$0)		
PLUS	\$5,247	\$6,102	\$7,657	\$8,783	\$9,462	\$11,348	\$11,685	\$12,340	\$15,292	\$18,166	\$18,234		248%
(FDLP)	(\$1,610)	(\$1,914)	(\$2,226)	(\$2,386)	(\$2,452)	(\$2,487)	(\$2,502)	(\$3,570)	(\$6,569)	(\$18,166)	(\$18,234)		1,033%
(FFELP)	(\$3,637)	(\$4,187)	(\$5,431)	(\$6,397)	(\$7,009)	(\$8,861)	(\$9,183)	(\$8,770)	(\$8,723)	(\$0)	(\$0)		
Other Loans	\$150	\$157	\$154	\$168	\$182	\$178	\$135	\$122	\$186	\$205	\$226		51%
<b>Total Federal Loans</b>	<b>\$47,795</b>	<b>\$53,910</b>	<b>\$60,977</b>	<b>\$65,398</b>	<b>\$67,040</b>	<b>\$68,124</b>	<b>\$74,587</b>	<b>\$88,892</b>	<b>\$105,043</b>	<b>\$110,409</b>	<b>\$105,283</b>		<b>120%</b>
<b>Federal Work-Study</b>	\$1,277	\$1,262	\$1,229	\$1,186	\$1,138	\$1,081	\$1,056	\$1,000	\$1,020	\$1,010	\$972		-24%
<b>Education Tax Benefits</b>	\$5,890	\$6,600	\$7,110	\$7,310	\$7,400	\$7,310	\$7,240	\$11,000	\$17,220	\$18,840	\$18,179		209%
<b>Total Federal Aid</b>	<b>\$72,269</b>	<b>\$81,586</b>	<b>\$90,777</b>	<b>\$95,916</b>	<b>\$96,636</b>	<b>\$97,618</b>	<b>\$105,891</b>	<b>\$127,213</b>	<b>\$167,254</b>	<b>\$181,955</b>	<b>\$173,755</b>		<b>140%</b>
<b>State Grants</b>	\$6,647	\$7,265	\$7,360	\$7,889	\$7,904	\$8,417	\$8,675	\$8,628	\$9,364	\$9,478	\$9,887		49%
<b>Institutional Grants</b>	\$21,560	\$22,150	\$24,340	\$25,820	\$27,560	\$29,100	\$30,500	\$31,860	\$36,540	\$40,060	\$42,060		95%
<b>Private and Employer Grants</b>	\$8,160	\$8,820	\$9,460	\$10,160	\$10,900	\$11,590	\$12,530	\$12,280	\$11,070	\$11,230	\$11,020		35%
<b>Total Federal, State, Institutional, and Private Aid</b>	<b>\$108,636</b>	<b>\$119,821</b>	<b>\$131,937</b>	<b>\$139,785</b>	<b>\$143,000</b>	<b>\$146,724</b>	<b>\$157,595</b>	<b>\$179,981</b>	<b>\$224,228</b>	<b>\$242,723</b>	<b>\$236,722</b>		<b>118%</b>
<b>Nonfederal Loans</b>	\$7,910	\$10,360	\$13,290	\$17,310	\$20,570	\$23,420	\$25,160	\$12,180	\$8,860	\$8,110	\$8,130		3%
(State- and Institution-Sponsored)	(\$1,550)	(\$1,580)	(\$1,740)	(\$1,800)	(\$2,070)	(\$2,330)	(\$2,270)	(\$1,600)	(\$1,730)	(\$1,890)	(\$1,730)		12%
(Private Sector)	(\$6,360)	(\$8,780)	(\$11,550)	(\$15,510)	(\$18,500)	(\$21,090)	(\$22,890)	(\$10,580)	(\$7,130)	(\$6,220)	(\$6,400)		1%
<b>Total Funds Used to Finance Postsecondary Expenses</b>	<b>\$116,546</b>	<b>\$130,181</b>	<b>\$145,227</b>	<b>\$157,095</b>	<b>\$163,570</b>	<b>\$170,144</b>	<b>\$182,755</b>	<b>\$192,161</b>	<b>\$233,088</b>	<b>\$250,833</b>	<b>\$244,852</b>		<b>110%</b>

NOTES: Components may not sum exactly to totals because of rounding. The Ford Direct Student Loan Program began in 1992-93 and the Federal Family Education Loan Program was discontinued in 2010-11. The latest available data for education tax benefits are for calendar year 2010. Estimates for later years are based on these data.

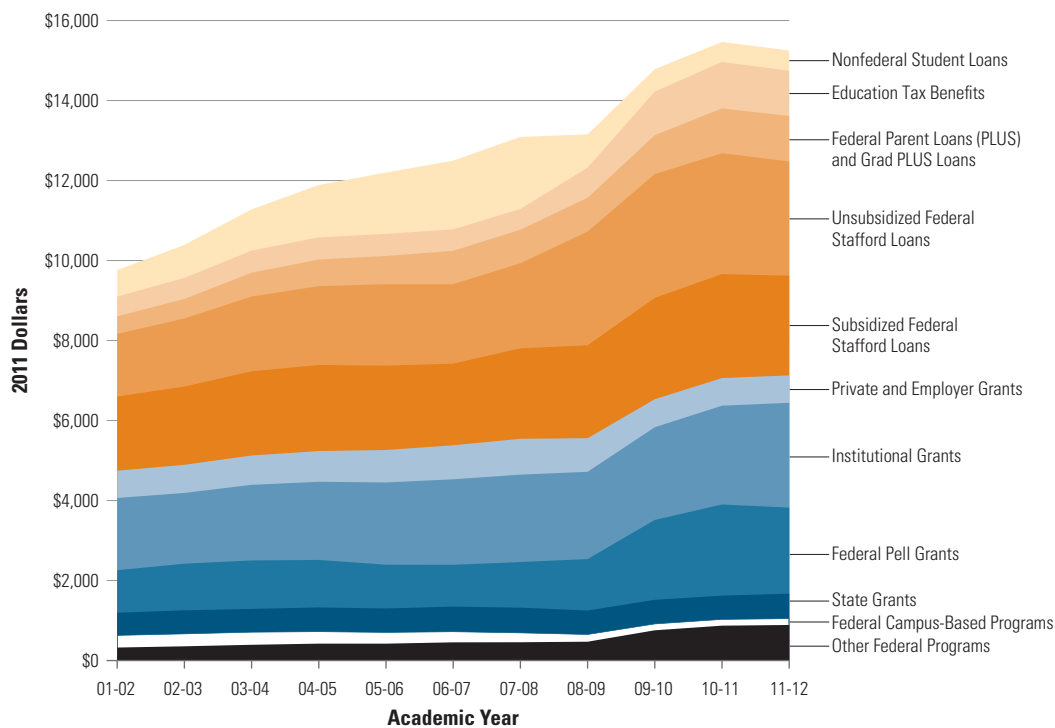


# Ten-Year Trends in Student Aid

Total financial aid per full-time equivalent (FTE) student increased 62% over the last decade, from \$9,098 (in 2011 dollars) in 2001-02 to \$14,737 in 2011-12. In addition, students borrowed an average of about \$662 per FTE in 2001-02 and about \$506 in 2011-12 from nonfederal sources.

- Over the decade from 2001-02 to 2011-12, grant aid per FTE student increased by 57% in inflation-adjusted dollars. Total loans, including federal student loans, parent loans, and nonfederal loans, increased by 55%.
- Over the five years from 2006-07 to 2011-12, grant aid per FTE student increased by 36%, from \$5,108 (in 2011 dollars) to \$6,954. Total loans per FTE student increased by 6%, from \$6,580 to \$6,990.
- The 5% increase in state grant aid per FTE student between 2010-11 and 2011-12 (from \$584 in 2011 dollars to \$616) was the largest one-year growth in any component of student aid. Federal Pell Grants and subsidized and unsubsidized Stafford Loans per FTE student all declined slightly in 2011-12.

**FIGURE 1** Ten-Year Trend in Student Aid and Nonfederal Loans per Full-Time Equivalent (FTE) Student Used to Finance Postsecondary Education Expenses in 2011 Dollars, 2001-02 to 2011-12



NOTE: See Notes and Sources for a list of programs included in other federal programs.

SOURCES: Table 1; NCES, unpublished data provided by IPEDS staff.

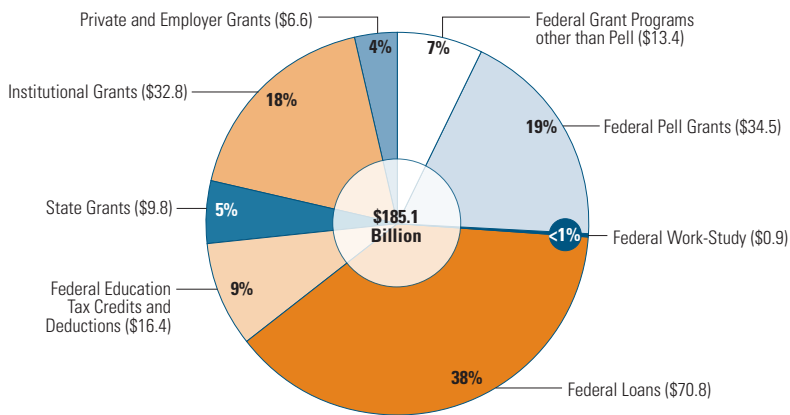


# Total Undergraduate Student Aid by Type

In 2011-12, federal loans constituted 38% and federal grants constituted 26% of the \$185.1 billion in student aid received by undergraduate students.

**FIGURE 2A**

Undergraduate Student Aid by Source and Type (in Billions), 2011-12



NOTE: Percentages may not sum to 100 and components may not sum to total because of rounding. See Notes and Sources for a list of programs included in Federal Grant Programs. Nonfederal loans are not included because they involve no subsidy and are not actually a form of financial aid.

SOURCE: Trends in Student Aid website (trends.collegeboard.org), Table 1A.

- The 18% of undergraduate aid that came in the form of institutional grants in 2011-12 constituted 34% of all undergraduate grant aid. The federal government provided 49% of undergraduate grant aid.
- Federal grant aid almost tripled in constant dollars between 2001-02 and 2011-12, increasing from 20% of total undergraduate aid to 26%. Federal loans almost doubled, but declined from 39% to 38% of total undergraduate aid over the decade.

## ALSO IMPORTANT:

- In fall 2011, an estimated 14.0 million (87%) of the 16.1 million full-time equivalent (FTE) postsecondary students were undergraduates.
- In fall 2011, 40% of FTE undergraduate enrollment was in the public four-year sector, 30% was in public two-year colleges, 17% in private nonprofit four-year institutions, and 12% in the for-profit sector, with a small share in other institutions.
- Undergraduate students are considered dependent, with their aid eligibility a function of their own and their parents' financial circumstances, unless they are at least 24 years of age or are orphans or wards of the court, homeless unaccompanied youth, married, veterans, on active duty, or have legal dependents.

**TABLE 1A** Total Student Aid and Funds Used to Finance the Postsecondary Education Expenses of Undergraduates in 2011 Dollars (in Millions), 1991-92 to 2011-12 (Selected Years)

	1991-92	1996-97	2001-02	2006-07	2007-08	2008-09	2009-10	2010-11	Preliminary 2011-12
Total Federal Grants	\$12,676	\$11,603	\$16,739	\$20,417	\$22,328	\$25,601	\$42,836	\$50,390	\$47,898
Total Federal Loans	\$15,159	\$28,966	\$32,959	\$44,313	\$47,570	\$59,520	\$70,998	\$73,609	\$70,783
Federal Work-Study	\$905	\$800	\$1,140	\$955	\$935	\$883	\$899	\$895	\$862
Education Tax Benefits	—	—	\$5,070	\$6,280	\$6,230	\$9,690	\$15,500	\$16,950	\$16,360
<b>TOTAL FEDERAL AID</b>	<b>\$28,739</b>	<b>\$41,369</b>	<b>\$55,908</b>	<b>\$71,965</b>	<b>\$77,062</b>	<b>\$95,694</b>	<b>\$130,233</b>	<b>\$141,844</b>	<b>\$135,904</b>
State Grant Programs	\$3,109	\$4,438	\$6,481	\$8,203	\$8,509	\$8,522	\$9,234	\$9,352	\$9,775
Institutional Grants	\$9,340	\$12,490	\$16,190	\$22,690	\$23,760	\$24,820	\$28,470	\$31,210	\$32,770
Private & Employer Grants	\$3,120	\$3,210	\$5,650	\$7,520	\$7,840	\$7,690	\$6,930	\$6,850	\$6,610
<b>TOTAL FEDERAL, STATE, INSTITUTIONAL, PRIVATE AID</b>	<b>\$44,308</b>	<b>\$61,508</b>	<b>\$84,230</b>	<b>\$110,378</b>	<b>\$117,171</b>	<b>\$136,726</b>	<b>\$174,867</b>	<b>\$189,257</b>	<b>\$185,058</b>

NOTE: Components may not sum exactly to totals because of rounding.

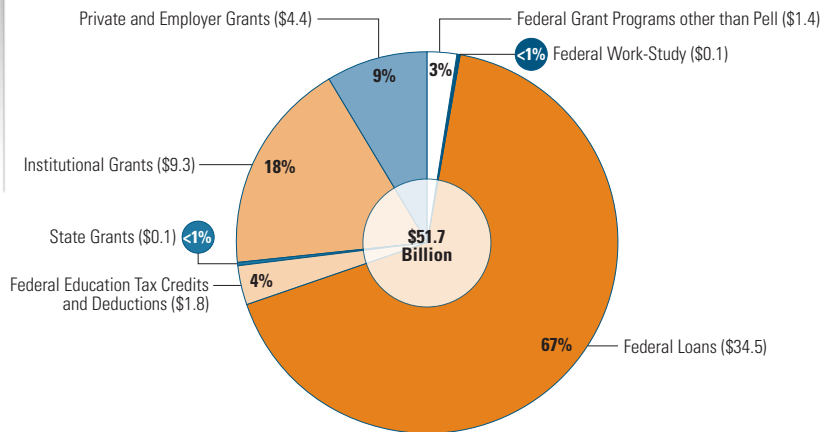


See Table 2A Undergraduate Student Aid and Nonfederal Loans in Current Dollars over Time.

# Total Graduate Student Aid by Type

In 2011-12, federal loans constituted 67% of the \$51.7 billion in student aid received by graduate students, who also rely on fellowships and assistantships provided by their universities. Federal grants accounted for only 3% of graduate student aid.

**FIGURE 2B**  
Graduate Student Aid by Source and Type (in Billions), 2011-12



NOTE: Percentages may not sum to 100 and components may not sum to total because of rounding. See Notes and Sources for a list of programs included in Federal Grant Programs. Nonfederal loans are not included because they involve no subsidy and are not actually a form of financial aid.

SOURCE: Trends in Student Aid website (trends.collegeboard.org), Table 1B.

- The 18% of graduate student aid that came in the form of institutional grants in 2011-12 constituted 61% of all grant aid for graduate students.
- The 9% of graduate student aid that came in the form of grants from employers and other private sources constituted 29% of all grants to graduate students.
- Total federal grants for graduate students increased from \$568 million (in 2011 dollars) in 2001-02 to \$1.4 billion in 2011-12. Federal loans grew from \$14.8 billion to \$34.5 billion over the decade, increasing from 61% to 67% of total aid to graduate students.

## ALSO IMPORTANT:

- About 2.9 million graduate students were enrolled in fall 2011 — 14% of all postsecondary students.
- Graduate students include both those enrolled in master's or doctoral programs and those in professional programs in fields such as law and medicine, who are much more dependent on student loans.
- In fall 2011, 48% of FTE graduate enrollment was in the public four-year sector, 42% was in private nonprofit four-year institutions, and 10% was in the for-profit sector.
- All graduate students are independent for purposes of federal financial aid, so their eligibility for need-based aid depends only on their own income and assets for most programs.

**TABLE 1B** Total Student Aid and Funds Used to Finance the Postsecondary Education Expenses of Graduate Students in 2011 Dollars (in Millions), 1991-92 to 2011-12 (Selected Years)

	1991-92	1996-97	2001-02	2006-07	2007-08	2008-09	2009-10	2010-11	Preliminary 2011-12
Total Federal Grants	\$268	\$436	\$568	\$686	\$680	\$719	\$1,135	\$1,306	\$1,423
Total Federal Loans	\$7,184	\$12,456	\$14,836	\$23,810	\$27,018	\$29,373	\$34,046	\$36,800	\$34,500
Federal Work-Study	\$81	\$85	\$136	\$127	\$122	\$117	\$121	\$114	\$110
Education Tax Benefits	—	—	\$820	\$1,030	\$1,010	\$1,310	\$1,720	\$1,890	\$1,819
<b>TOTAL FEDERAL AID</b>	<b>\$7,534</b>	<b>\$12,976</b>	<b>\$16,360</b>	<b>\$25,653</b>	<b>\$28,829</b>	<b>\$31,519</b>	<b>\$37,022</b>	<b>\$40,110</b>	<b>\$37,851</b>
State Grant Programs	\$155	\$114	\$166	\$213	\$166	\$106	\$129	\$126	\$112
Institutional Grants	\$2,420	\$3,990	\$5,370	\$6,410	\$6,740	\$7,040	\$8,070	\$8,850	\$9,290
Private & Employer Grants	\$890	\$1,570	\$2,510	\$4,070	\$4,690	\$4,590	\$4,140	\$4,380	\$4,410
<b>TOTAL FEDERAL, STATE, INSTITUTIONAL, PRIVATE AID</b>	<b>\$10,999</b>	<b>\$18,650</b>	<b>\$24,407</b>	<b>\$36,346</b>	<b>\$40,424</b>	<b>\$43,255</b>	<b>\$49,361</b>	<b>\$53,466</b>	<b>\$51,664</b>

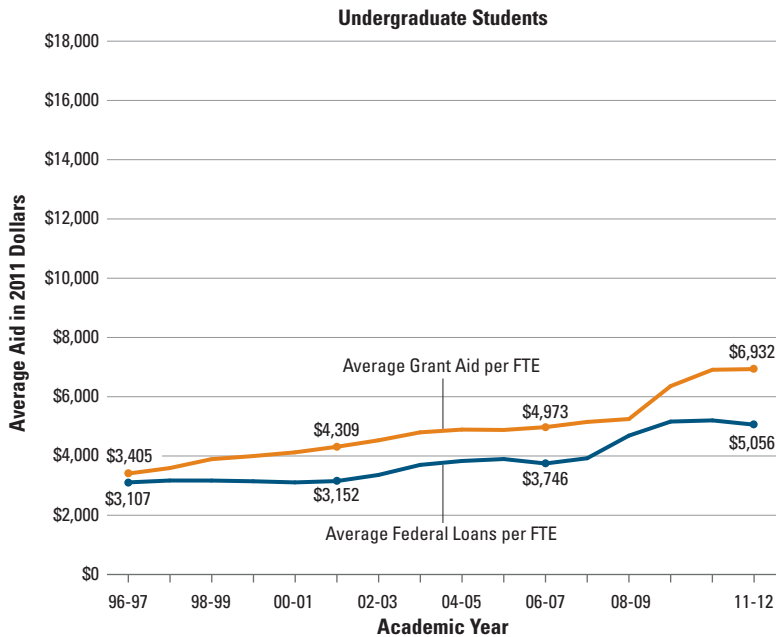
NOTE: Components may not sum exactly to totals because of rounding.



# Total Aid per Full-Time Equivalent Student

**FIGURE 3A**

Average Aid per Full-Time Equivalent (FTE) Undergraduate Student in 2011 Dollars, 1996-97 to 2011-12

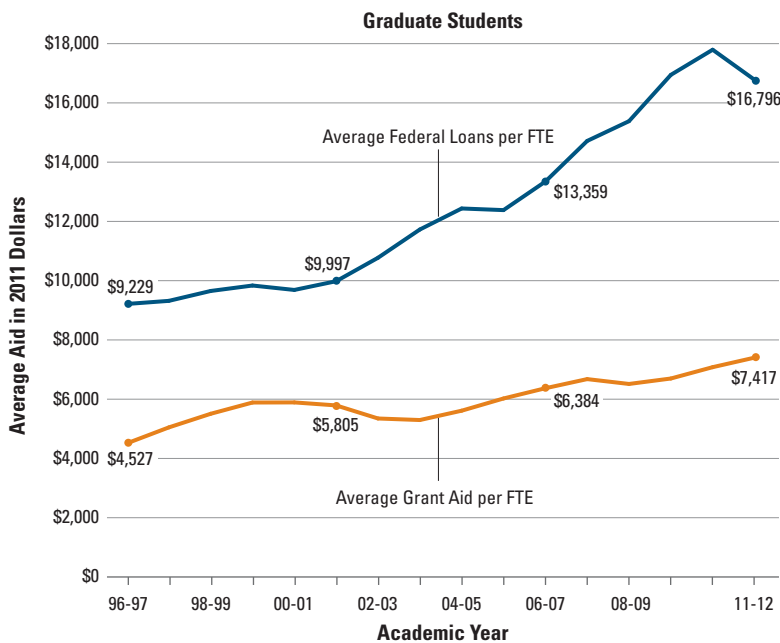


In 2011-12, undergraduate students received an average of \$13,218 in aid per full-time equivalent (FTE) student, including \$6,932 in grants from all sources, \$5,056 in federal loans, and \$1,230 in a combination of tax credits and deductions and Federal Work-Study (FWS).

- Federal loans per FTE undergraduate student declined by \$144, from \$5,200 (in 2011 dollars) to \$5,056 between 2010-11 and 2011-12. Grant aid per FTE undergraduate student from all sources increased by \$22.
- Total grant aid per FTE undergraduate student increased at an average rate of 4.8% per year in inflation-adjusted dollars from 1996-97 to 2001-02, 2.9% per year from 2001-02 to 2006-07, and a much more rapid rate of 6.9% per year from 2006-07 to 2011-12.

**FIGURE 3B**

Average Aid per Full-Time Equivalent (FTE) Graduate Student in 2011 Dollars, 1996-97 to 2011-12



- Federal loans per FTE undergraduate student have grown at an increasing rate, rising at an average rate of 0.3% per year in inflation-adjusted dollars from 1996-97 to 2001-02, 3.5% per year from 2001-02 to 2006-07, and 6.2% per year from 2006-07 to 2011-12.
- In 2011-12, graduate students received an average of \$25,152 per FTE in aid, including \$7,417 in grant aid, \$16,796 in federal loans, and \$939 in a combination of tax credits and deductions and Federal Work-Study.
- In 2011-12, graduate students received 28% more in grant aid per FTE student (after adjusting for inflation) than they had a decade earlier. They borrowed 68% more per student in federal loans in 2011-12 than in 2001-02.

## ALSO IMPORTANT:

- Overall, postsecondary students received an average of \$639 more (in 2011 dollars) per student in benefits from federal tax credits and deductions in 2011-12 than in 2001-02. They received \$46 less per student from federal funding of Work-Study jobs.

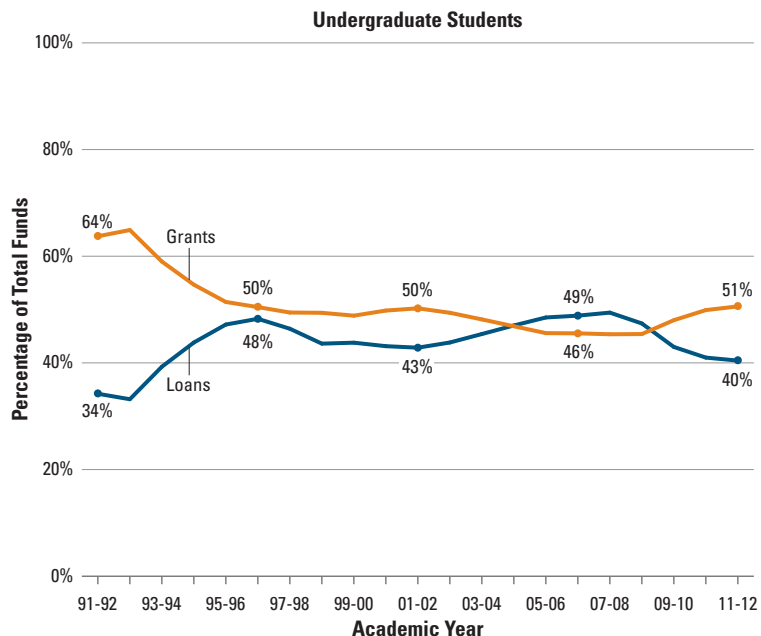
NOTE: Loans reported here include only federal loans to students and parents. Grants from all sources are included.

SOURCE: Trends in Student Aid website (trends.collegeboard.org), Tables 3A and 3B.

# Total Grants and Total Loans

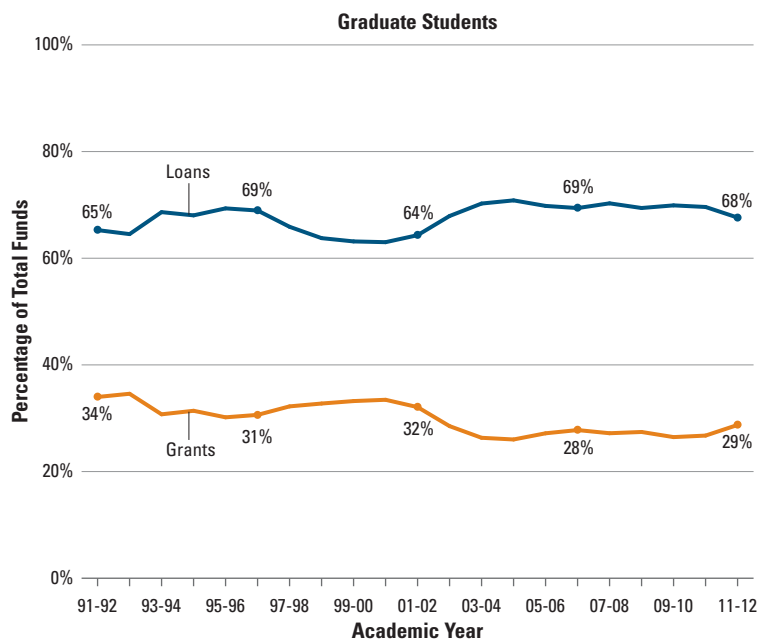
**FIGURE 4A**

Grants and Loans as a Percentage of Funds from Total Aid and Nonfederal Loans for Undergraduate Students, 1991-92 to 2011-12



**FIGURE 4B**

Grants and Loans as a Percentage of Funds from Total Aid and Nonfederal Loans for Graduate Students, 1991-92 to 2011-12



Percentages in Figures 4A and 4B are shown as a portion of the total amount of postsecondary funding described in Table 1, including nonfederal loans in addition to financial aid (grants, federal loans, tax credits and deductions, and Federal Work-Study). In addition to the sources included here, students rely on funds from their families and from their own earnings and savings; they also borrow from other sources. Graduate students also receive fellowships and research assistantships, which are considered compensation.

SOURCE: Trends in Student Aid website (trends.collegeboard.org), Tables 4A and 4B.

In 2011-12, grants constituted 51% of the funds used by undergraduates to supplement student and family resources, compared to 29% for graduate students. Loans constituted 40% of the funds for undergraduates, compared to 68% for graduate students.

- The introduction of the unsubsidized Stafford Loan program in the early 1990s led to an increase in the share of funds for undergraduate students in the form of loans from 34% in 1991-92 to 48% in 1996-97. Not included in this figure are home equity loans, credit card borrowing, and other sources of debt undergraduate students and their parents may have relied on more before unsubsidized federal loans were available.
- Grant aid as a share of total funds from grants, federal loans, other forms of financial aid, and nonfederal loans used by graduate students to help pay educational costs was 32% in 2001-02, 28% in 2006-07, and 29% in 2011-12.
- In 2011-12, the combination of federal tax credits and deductions and Federal Work-Study constituted 9% of the student aid and nonfederal loan funds that supplement student and family payments for the college expenses of undergraduate students; they constituted 3% of these funds for graduate students.
- Over the five years from 2006-07 to 2011-12, total grant aid for graduate students increased by 34% in inflation-adjusted dollars, while total federal and nonfederal loans combined increased by 26%.

## ALSO IMPORTANT:

- The relative stability of the ratio of grants to loans over time indicates that loans have not replaced grants in funding postsecondary education. Rather, grant aid often fails to increase rapidly enough to fill the growing gap between the costs of attending college or graduate school and the ability of students and families to pay those costs.



# Types of Grants

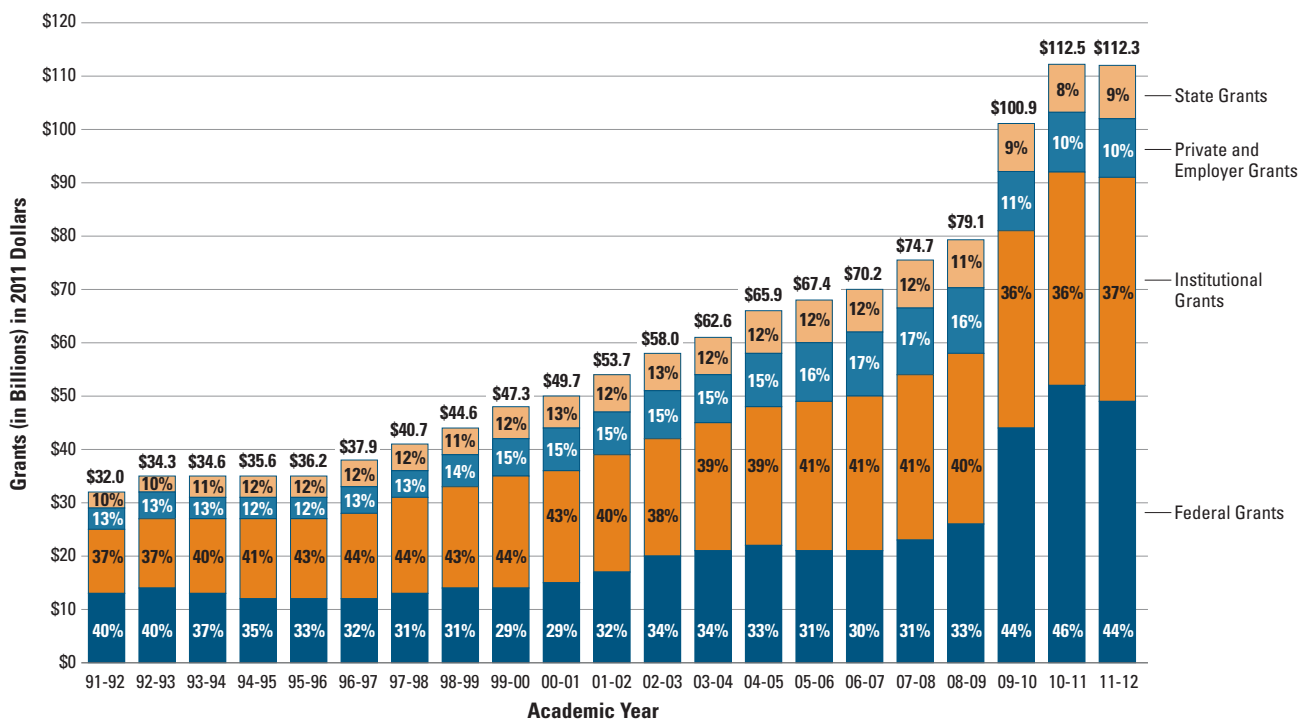
After adjusting for inflation, total grant aid increased from \$32.0 billion (in 2011 dollars) in 1991-92 to \$53.7 billion in 2001-02, to \$70.2 billion in 2006-07, and to \$112.3 billion in 2011-12.

- Over the decade from 1991-92 to 2001-02, state grant aid and grants from employers and other private sources grew more rapidly than federal and institutional grants. Over the most recent decade, however, federal grant aid grew by 185% after adjusting for inflation and institutional grant aid almost doubled, while the other sources of grant aid increased more slowly.
- Federal grant aid declined from 40% of all grants in 1991-92 to 32% in 2001-02 and to 30% in 2006-07. Because of sharp increases in Pell Grants and aid for veterans, by 2011-12, the federal government provided 44% of the grant aid received by all postsecondary students.
- Because postsecondary enrollment increased by 34% over the decade from 2001-02 to 2011-12, the 109% increase in total grant aid generated a 56% increase in inflation-adjusted grant dollars per FTE.

## ALSO IMPORTANT:

- Pell Grants declined from 73% to 67% of federal grant aid between 2001-02 and 2006-07, and were 70% of the total in 2011-12. Veterans and military aid increased from 19% to 27% of total federal grants over the decade.
- The large increase in federal grant aid in 2009-10 resulted from a combination of policy changes, growth in enrollment, and economic conditions that increased unemployment and reduced family and student financial capacity.

**FIGURE 5** Growth of Federal, Institutional, Private and Employer, and State Grant Dollars in 2011 Dollars, 1991-92 to 2011-12



NOTE: Percentages may not sum to 100 because of rounding.

SOURCE: Table 1.



# Types of Loans

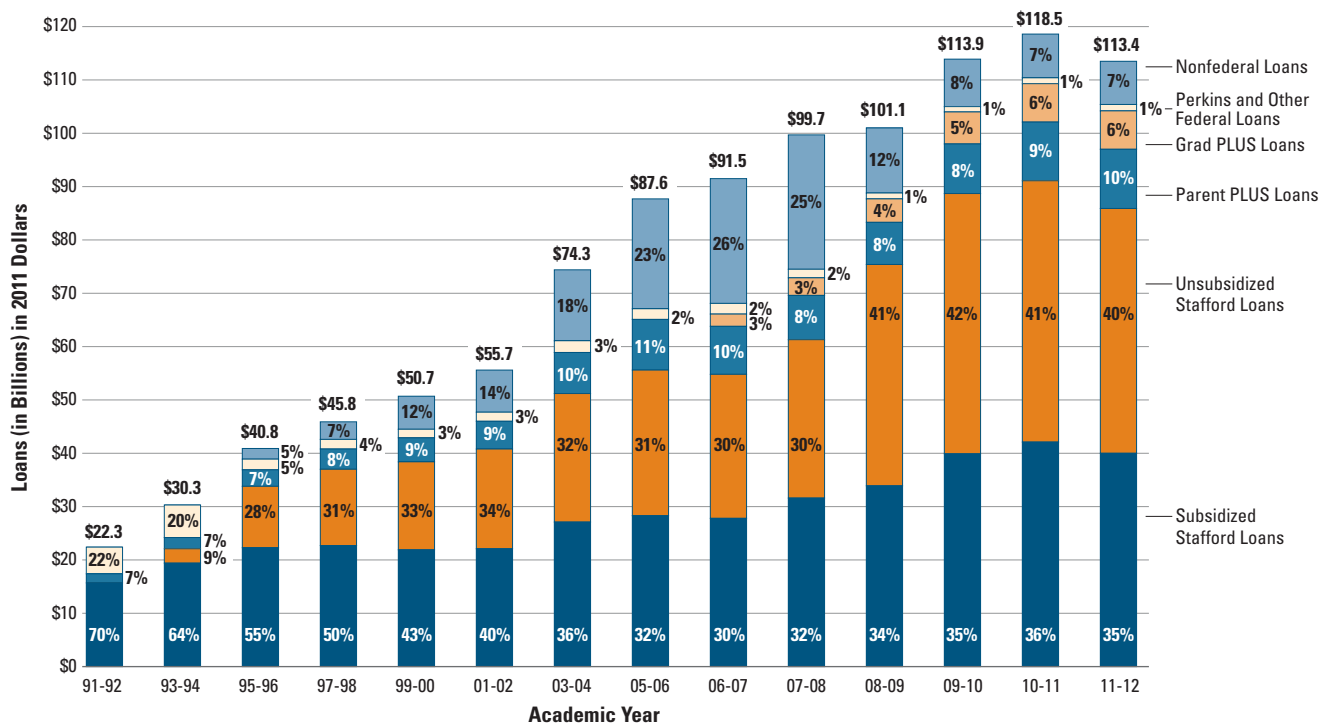
The total volume of education loans disbursed doubled from \$55.7 billion (in 2011 dollars) to \$113.4 billion between 2001-02 and 2011-12. This growth rate was slower than over the previous decade, when total borrowing increased by 150%, from \$22.3 billion (in 2011 dollars) to \$55.7 billion.

- The total volume of education loans disbursed increased by 64% in inflation-adjusted dollars between 2001-02 and 2006-07. The growth rate slowed to 24% over the next five years.
- In 2011-12, nonfederal loans, which usually have less favorable repayment terms than federal loans, totaled \$8.1 billion. Nonfederal borrowing grew from \$7.9 billion (in 2011 dollars) in 2001-02 to \$25.2 billion in 2007-08, before falling back to its current level.
- Some colleges and universities make loans to students and parents to supplement their federal loans. While no precise measure of these loans is available, reports from institutions indicate that institutional loans have grown from about \$500 million (in 2011 dollars) in 2007-08 to about \$730 million in 2011-12. For-profit institutions have increased their lending to students over this time period, while other institutions have reduced this activity.

## ALSO IMPORTANT:

- The share of all subsidized Stafford Loans going to graduate students, who constitute about 14% of all postsecondary students, declined from 33% in 2006-07 to 28% in 2011-12. Their share of unsubsidized Stafford Loans declined from 44% to 34%, as the new Grad PLUS Loan program grew to \$7.2 billion.
- The private student loan market has consolidated in recent years, with a number of smaller lenders leaving the business and some larger lenders selling their loans to others. The estimate of \$6.4 billion in private loans for 2011-12 combines information from the Consumer Bankers Association/MeasureOne with data from credit unions.
- Dependent undergraduate students can borrow up to \$5,500 in Stafford Loans (including a maximum of \$3,500 in subsidized loans) in their first year of study, and up to \$6,500 (including up to \$4,500 in subsidized loans) in their second year. The limit for the third year and beyond is \$7,500 (including up to \$5,500 in subsidized loans).
- Graduate students can borrow up to \$20,500 per year in Stafford Loans. The lifetime maximum for graduate students is \$138,500, including their undergraduate borrowing. The total limit for subsidized loans is \$65,500. Beginning in 2012-13, all Stafford Loans for graduate students will be unsubsidized.

**FIGURE 6** Growth of Federal and Nonfederal Loan Dollars in 2011 Dollars, 1991-92 to 2011-12, Selected Years



NOTE: Nonfederal loans include loans to students from states and from institutions, in addition to private loans issued by banks, credit unions, and Sallie Mae. Estimates of institutional and state loan volume are included only for academic years 1999-2000 through 2011-12.

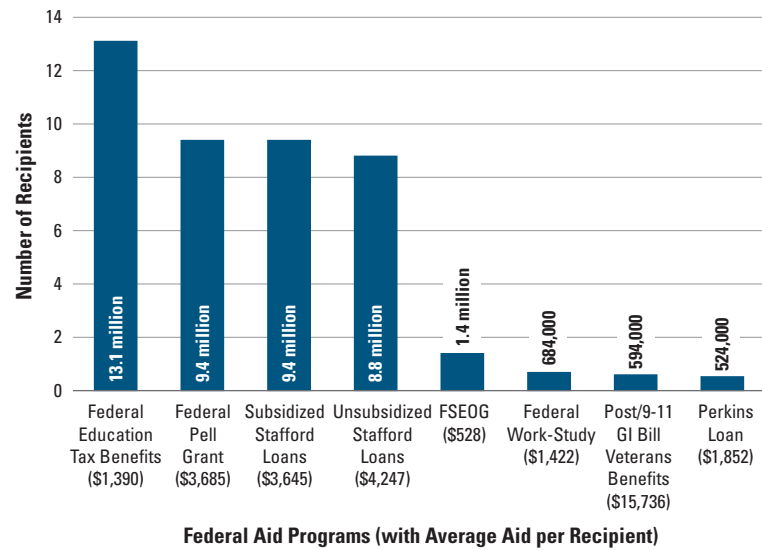
SOURCE: Table 1.



For detailed data behind the graphs and additional information, please visit [trends.collegeboard.org](http://trends.collegeboard.org).

# Federal Aid Recipients

**FIGURE 7A**  
Number of Recipients by Federal Aid Program (with Average Aid Received), 2011-12



NOTE: Both undergraduate and graduate students are eligible for tax benefits, unsubsidized Stafford Loans, Perkins Loans, and Federal Work-Study (FWS). Subsidized Stafford Loans were available to both groups in 2011-12, but were limited to undergraduates thereafter. Pell Grants and Federal Supplemental Educational Opportunity Grants (FSEOG) go to undergraduates only. Data on tax benefits are for 2010-11 (in 2011 dollars) and are estimated based on data for tax year 2010.

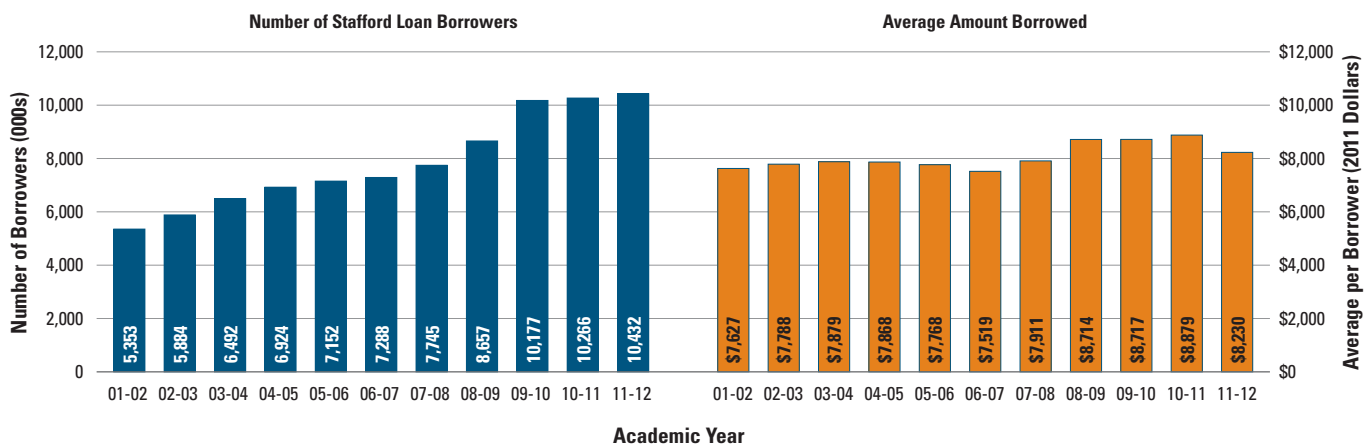
FSEOG and FWS amounts represent federal funds only. Institutions provide some matching funds for these federal funds, so the awards students receive under these programs are larger than the federal aid amounts reported here. Perkins Loans are made from revolving funds on campus, consisting of earlier loans that have been repaid. No new federal outlays were provided in 2011-12 for Perkins Loans, but originally the funds came partly from federal and partly from institutional sources. Post-9/11 Veterans benefits reported here cover tuition and fees, as well as living and other expenses.

SOURCES: Internal Revenue Service, *Statistics of Income*; Annual Publications, U.S. Department of Education, Office of Postsecondary Education; unpublished data from the Veterans Administration.

An estimated 13.1 million tax filers benefited from federal education tax credits and deductions in 2010-11 — more than the number of students benefiting from any other federal aid program in 2011-12. Pell Grants were awarded to 9.4 million students, and about 9 million students borrowed from each of the Stafford Loan programs (with 10.4 million students altogether taking out Stafford Loans).

- Pell Grants aided 9.4 million students in 2011-12, compared to 8.1 million students in 2009-10 and 5.5 million students in 2007-08. The number of Pell Grant recipients was twice as high in 2011-12 as it was in 2003-04.
- The number of students receiving FWS declined from 741,000 in 2001-02 to 695,000 in 2006-07, and dropped to 684,000 in 2011-12. The average federal funding received by FWS students was \$1,724 (in 2011 dollars) in 2001-02 and \$1,422 in 2011-12.
- Over the last decade, the total number of Stafford Loan borrowers increased by 95%, from 5.4 million in 2001-02 to 10.4 million in 2011-12. The average amount borrowed from subsidized and unsubsidized Stafford Loans combined increased by 8%, from \$7,627 (in 2011 dollars) to \$8,230 over this decade.

**FIGURE 7B** Total Number of Stafford Loan Borrowers and Average Amount Borrowed, 2001-02 to 2011-12



SOURCE: Trends in Student Aid website (trends.collegeboard.org), Table 6.



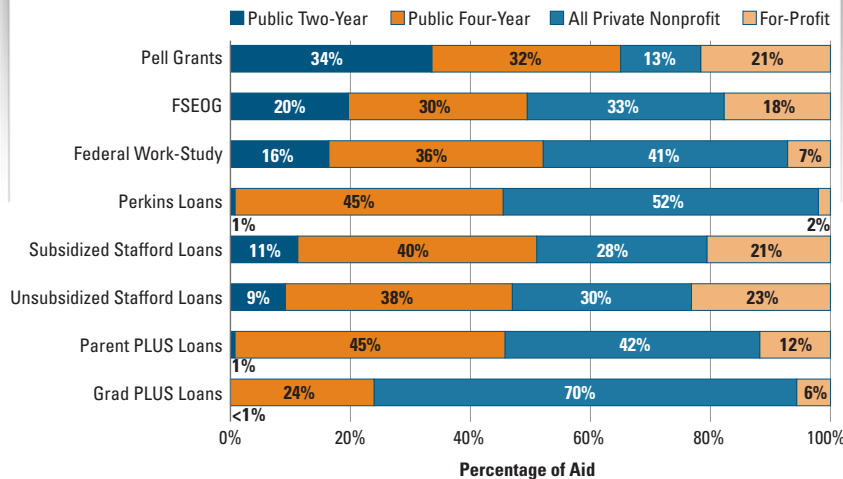
See Table 5 Federal Aid per Recipient in Current and Constant Dollars over Time and Table 6 Federal Loans over Time.



# Federal Aid by Sector

In fall 2011, 26% of all full-time equivalent (FTE) postsecondary students were enrolled in public two-year colleges. They received 34% of Pell Grant funds, 20% of Federal Supplemental Educational Opportunity Grant (FSEOG) allocations, 16% of Federal Work-Study (FWS) funds, and 11% of subsidized Stafford Loans.

**FIGURE 8A**  
Percentage Distribution of Federal Aid Funds by Sector, 2011-12



NOTE: FSEOG and FWS funds reflect federal allocations made to institutions. These dollars do not include the required matching funds from institutions (which were included in similar figures in past editions of *Trends in Student Aid*). Veterans Benefits are not included because the data are not available. Percentages may not sum to 100 because of rounding.

- In fall 2011, 12% of all FTE students were enrolled in for-profit institutions. They received 21% of Pell funds, 18% of FSEOG funds, 7% of FWS funds, and 21% of subsidized Stafford Loans.

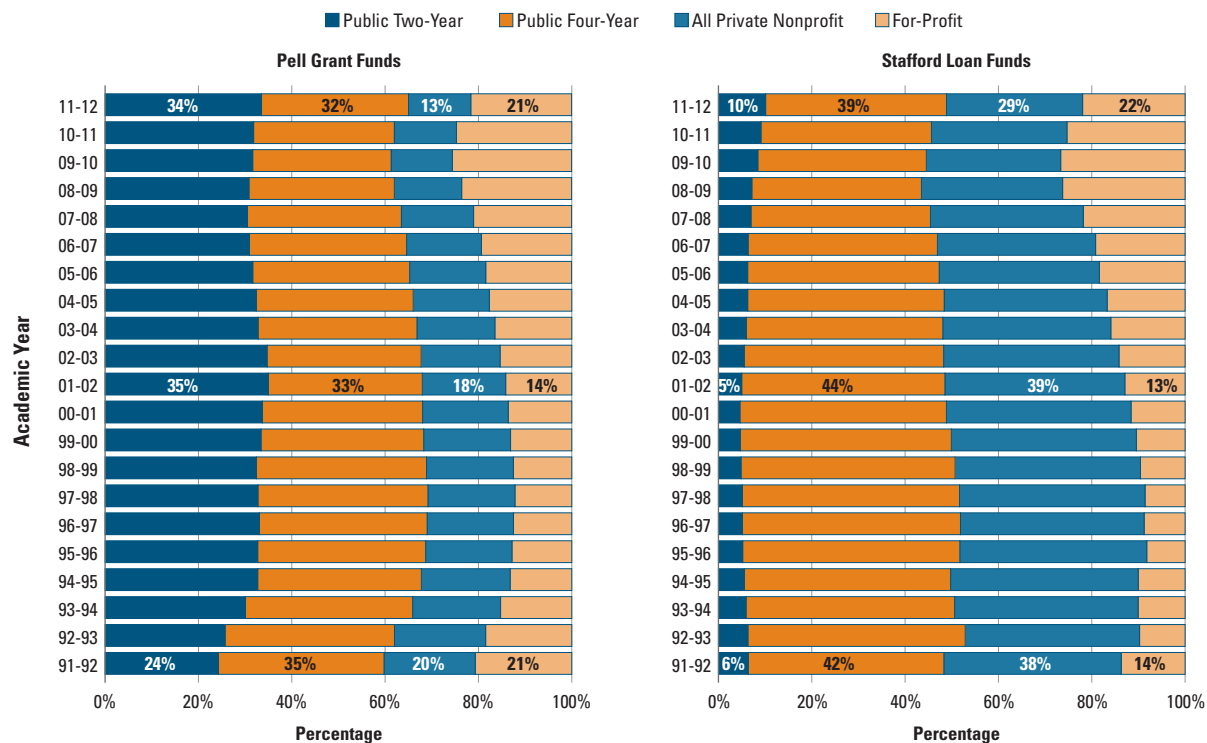
- As the share of enrollment in the for-profit sector increased from 6% in fall 2001 to 12% in fall 2010, the share of Pell Grant funds going to students in this sector increased from 14% to 25%. In fall 2011, for-profit enrollments remained at 12% of FTE students, and the sector's share of Pell Grants declined to 21%.

Total FTE Enrollments by Sector, Fall 1991 to 2011

Year	Public Two-Year	Public Four-Year	Private Nonprofit Four-Year	For-Profit
Fall 1991	30%	46%	22%	2%
Fall 1996	29%	44%	22%	4%
Fall 2001	29%	43%	22%	6%
Fall 2006	27%	42%	22%	9%
Fall 2011	26%	41%	20%	12%

SOURCE: NCES, unpublished data provided by IPEDS staff.

**FIGURE 8B** Percentage Distribution of Pell Grant Funds and Stafford Loan Funds by Sector, 1991-92 to 2011-12

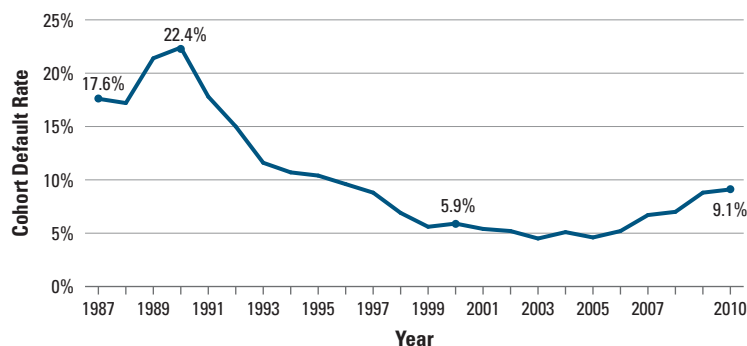


SOURCES: Annual Publications, U.S. Department of Education, Office of Postsecondary Education; the National Student Loan Data System (NSLDS); and the Federal Student Aid Data Center (studentaid.ed.gov/data-center).

# Student Loan Default

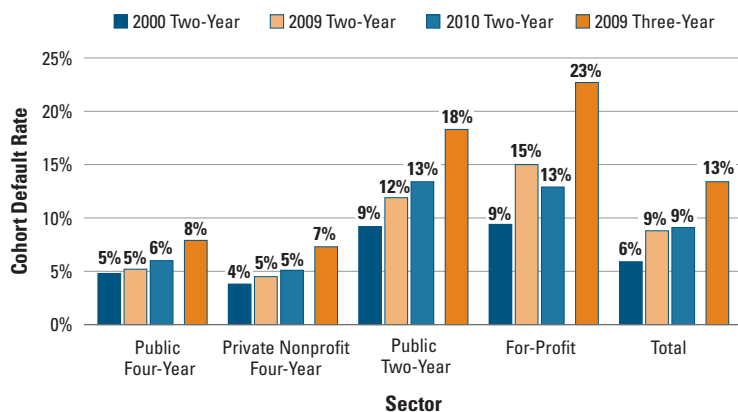
By September 30, 2011, 9.1% of borrowers who entered repayment in 2009-10 defaulted on their federal student loans. This was the highest cohort default rate since 1996, but the default rates were 21% and 22% in 1989 and 1990, respectively.

**FIGURE 9A**  
Federal Student Loan Two-Year Cohort Default Rate (CDR), 1987–2010



SOURCE: U.S. Department of Education, <http://www2.ed.gov/offices/OSFAP/defaultmanagement/defaultrates.html>.

**FIGURE 9B**  
Two-Year Cohort Default Rate by Sector, 2000, 2009 and 2010, and Three-Year Cohort Default Rate by Sector, 2009



SOURCE: Department of Education (<http://studentaid.ed.gov/about/data-center/student/default>).

Two-year cohort default rates are based on the percentage of borrowers entering repayment in a fiscal year who default by the end of the next fiscal year. For example, the FY 2010 two-year cohort default rate, based on students who entered repayment between Oct. 1, 2009, and Sept. 30, 2010, counts those who defaulted before Sept. 30, 2011. About 4.1 million borrowers entered repayment in 2009-10 and 375,000 defaulted by the end of FY 2011. Three-year rates include borrowers who default by the end of the second fiscal year following the fiscal year in which they enter repayment.

- In 2010, two-year cohort default rates were 6% for students from public four-year institutions, 5% for students from private nonprofit four-year institutions, and 13% for those from for-profit and public two-year institutions.
- The 2009 three-year cohort default rates ranged from 7% for those from private nonprofit four-year institutions to 23% for students from for-profit institutions.
- For-profit institutions accounted for 12% of all students enrolled in 2008-09, 28% of those who entered repayment in FY 2009, 48% of those who defaulted by the end of September 2010, and 47% of those who defaulted by the end of September 2011.

## ALSO IMPORTANT:

- Students who leave school without completing a degree or certificate are significantly more likely than those who complete their programs to default on student loans. (See, e.g. Deanne Loonin, *The Student Loan Default Trap: Why Borrowers Default and What Can be Done*, National Consumer Law Center, July 2012)
- The federal government eventually collects over 90% of the student loan dollars that have gone into default. After adjusting for the time and cost involved in collecting these funds, however, the total cost of default is expected to be about \$38 billion for loans issued in 2012-13. (New America Foundation)

## Distribution of Total Enrollment, Borrowers Entering Repayment, and Defaulters (2-Year and 3-Year) by Sector

	Public Four-Year	Private Nonprofit Four-Year	Public Two-Year	For-Profit
2008-09 Enrollment	33%	16%	38%	12%
FY 2009 Borrowers Entering Repayment	34%	22%	14%	28%
FY 2009 2-Year Defaulters by 9/2010	21%	11%	22%	48%
FY 2009 3-Year Defaulters by 9/2011	20%	12%	19%	47%

SOURCE: Department of Education ([studentaid.ed.gov/about/data-center/student/default](http://studentaid.ed.gov/about/data-center/student/default)).

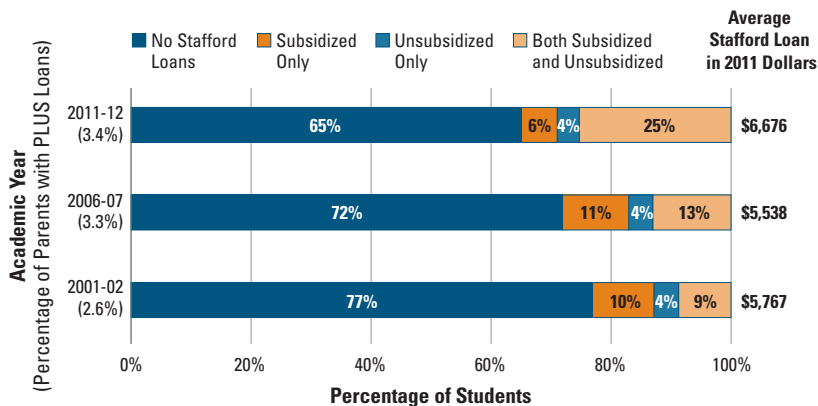


# Student Loans

In 2011-12, 35% of undergraduates borrowed federal Stafford Loans. Twenty-five percent of undergraduates — or three-quarters of all those taking Stafford Loans — used both subsidized and unsubsidized loans.

**FIGURE 10A**

Percentage of Undergraduate Students Borrowing Federal Stafford Loans, 2001-02, 2006-07, and 2011-12

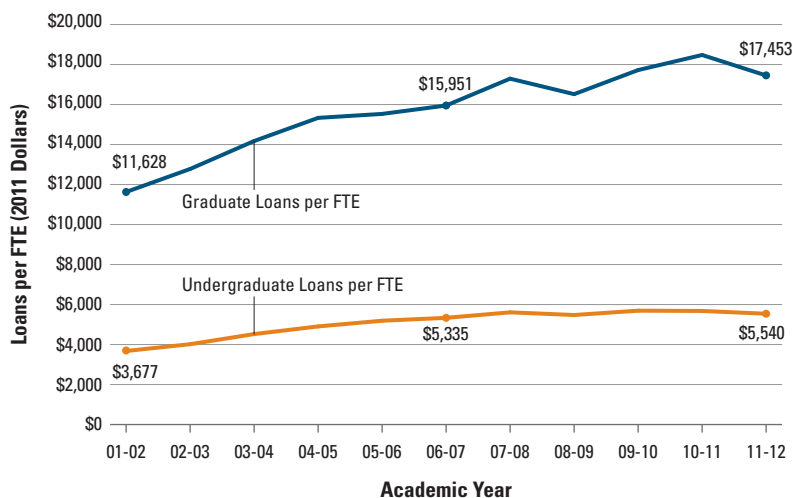


NOTE: Percentages are based on unduplicated undergraduate headcount enrollment, which counts students only once even if they enroll in more than one institution and borrowers only once, even if they take multiple loans. Twelve-month unduplicated undergraduate headcount at Title IV institutions for 2011-12 is based on preliminary IPEDS numbers. Percentages may not sum to 100 because of rounding.

SOURCES: NCES, *Enrollment in Postsecondary Institutions and Financial Statistics and Postsecondary Institutions and Price of Attendance in the United States*, Annual Publications, U.S. Department of Education, Office of Postsecondary Education; NSLDS; calculations by the authors.

**FIGURE 10B**

Average Total Student Loans per Full-time Equivalent (FTE) Undergraduate and Graduate Student in 2011 Dollars, 2001-02 to 2011-12



NOTE: Loan totals include both federal and nonfederal loans.

SOURCES: Trends in Student Aid website ([trends.collegeboard.org](http://trends.collegeboard.org)), Table 4; NCES, unpublished data provided by IPEDS staff.

- Subsidized loans are available only to students with documented financial need, and the government pays the interest on these loans while the student is in school. As of July 1, 2012, these loans are available only to undergraduates. Unsubsidized Stafford Loans are available to all undergraduate and graduate students.
- The percentage of undergraduate students taking out federal Stafford Loans during the academic year increased from 23% in 2001-02 to 28% in 2006-07 and to 35% in 2011-12.
- On average, undergraduate students who took out Stafford Loans borrowed \$5,767 (in 2011 dollars) in 2001-02, \$5,538 in 2006-07, and \$6,676 in 2011-12.
- The parents of 3.4% of undergraduate students took out PLUS Loans averaging \$12,575 in 2011-12.
- Average total borrowing per full-time equivalent (FTE) undergraduate student rose by 45%, from \$3,677 (in 2011 dollars) to \$5,335 between 2001-02 and 2006-07, and by another 4% to \$5,540 in 2011-12. Average total borrowing per FTE graduate student rose by 37% from \$11,628 (in 2011 dollars) to \$15,951 between 2001-02 and 2006-07, and by another 9% to \$17,453 in 2011-12.

## ALSO IMPORTANT:

- Most student borrowers hold loans with a variety of interest rates. Interest rates on unsubsidized Stafford Loans have been fixed at 6.8% since 2006-07. The interest rate on subsidized Stafford Loans declined from 6.8% to 6.0% for loans issued in 2008-09, 5.6% in 2009-10, 4.5% in 2010-11, and 3.4% in 2011-12. It remains 3.4% for the 2012-13 academic year.
- Subsidized and unsubsidized Stafford Loans carry different repayment protections. For example, under Income-Based Repayment, the government will pay the interest for up to three years for borrowers whose incomes are too low to cover interest payments on their subsidized loans, but this is not the case for unsubsidized Stafford Loans.
- The Budget Control Act of 2011 eliminated the in-school interest subsidy on Stafford Loans for graduate students, effective July 1, 2012.

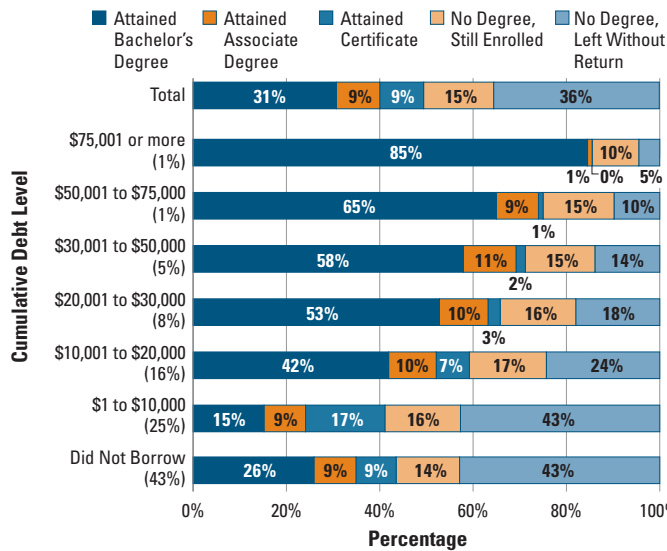


# Student Debt

Only 2% of students who first enrolled at a postsecondary institution in 2003-04 had borrowed more than \$50,000 by 2009. Over 40% did not borrow and another 25% borrowed \$10,000 or less.

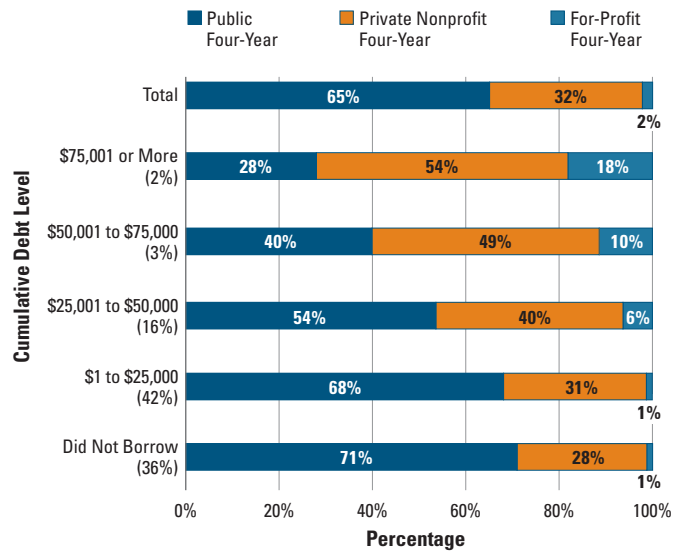
**FIGURE 11A**

Educational Attainment by 2009 of Students First Enrolling in 2003-04, by Total Amount Borrowed (and Overall Percentage of Students in Debt Category)



**FIGURE 11B**

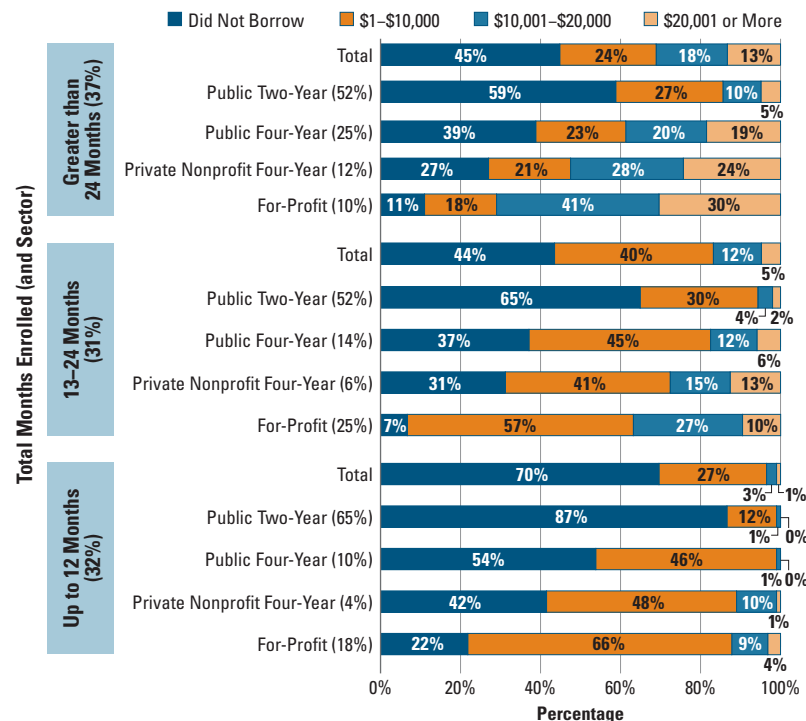
Sector Last Attended, as of 2009, Among Bachelor's Degree Recipients Who First Enrolled in 2003-04, by Total Amount Borrowed (and Overall Percentage of Students in Debt Category)



NOTE: Percentages in the parentheses on the vertical axis correspond to percentage of all students with the specified level of debt.

**FIGURE 11C**

Amount Borrowed by Students Who First Enrolled in 2003-04 and Left Without Completing a Degree or Certificate by 2009, by Institutional Sector and Length of Enrollment (with Percentages of Students in Each Sector Within Enrollment Category)



- Among students who either did not borrow or borrowed \$10,000 or less, 43% had left college with no credential by 2009, while only 5% of those with more than \$75,000 in debt were in this situation.
- Eighty-five percent of those with debt higher than \$75,000 and 65% of those with debt between \$50,000 and \$75,000 had earned bachelor's degrees by 2009.
- Among students who first enrolled in 2003-04 and earned bachelor's degrees by 2009, 2% had last attended for-profit institutions. Among those who had borrowed more than \$75,000, 18% had last attended for-profit institutions.
- Among students who first enrolled in 2003-04 and earned bachelor's degrees by 2009, 65% had last attended public four-year institutions. Among those who had borrowed \$75,000 or more, 28% had last attended an institution in this sector.

NOTE: In Figure 11C, institutional sector refers to first institution attended. Sectors do not sum to 100% because public less-than-two-year and private nonprofit two-year-or-less institutions are excluded. Percentages on the vertical axis refer to the percentage of all students leaving school without a degree who were enrolled for the specified number of months and to the sector breakdown within those categories. For example, 37% of the students who left without a degree were enrolled for more than 24 months. Of this group, 52% began their studies in two-year public colleges.

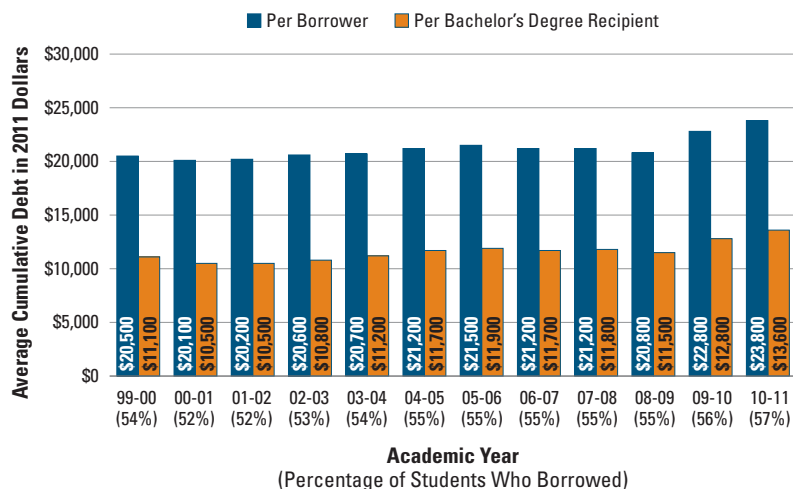
SOURCES: *Beginning Postsecondary Students Longitudinal Study (BPS)*, 2009; calculations by the authors.

# Student Debt

About 57% of students who earned bachelor's degrees in 2010-11 from the public four-year colleges at which they began their studies graduated with debt. Average debt per borrower was \$23,800, up from \$20,100 (in 2011 dollars) a decade earlier.

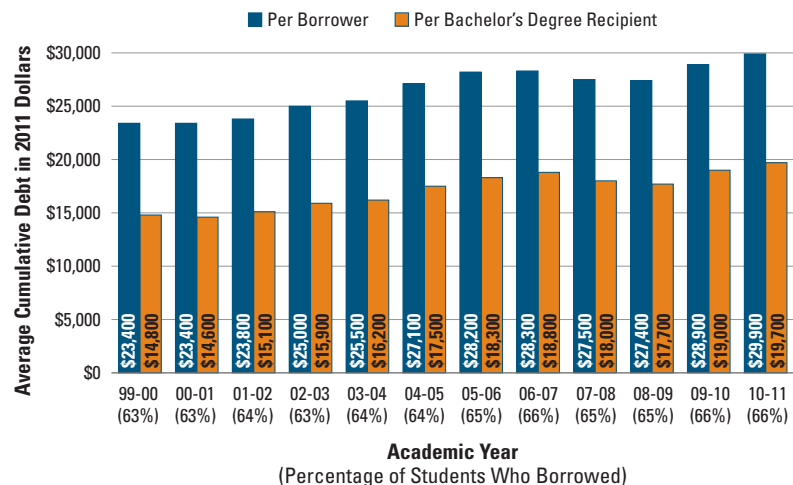
**FIGURE 12A**

Average Total Debt Levels of Bachelor's Degree Recipients, Public Four-Year Colleges and Universities, in 2011 Dollars, 1999-2000 to 2010-11



**FIGURE 12B**

Average Total Debt Levels of Bachelor's Degree Recipients, Private Nonprofit Four-Year Colleges and Universities, in 2011 Dollars, 1999-2000 to 2010-11



Only students who began their studies at the institution from which they graduated are included in the data reported here. The blue bars represent the average debt levels of bachelor's degree recipients who relied on student loans. The orange bars represent average debt per bachelor's degree recipient, including those who graduated without student debt. The percentages along the base of the axis represent the percentage of degree recipients who borrowed.

NOTE: Debt figures include both federal loans and loans from nonfederal sources that have been reported to the institutions. Transfer students are excluded. Some students earn more than one bachelor's degree and some institutions may report number of degrees rather than number of degree recipients. This would lead to a slight underestimate of debt per graduating student. Debt figures are based on institutional reporting to the College Board and are best approximations. Estimates for 2010-11 incorporate both the responses for that year and the change from 2009-10 for schools reporting for both years. Exact dollar amounts should be interpreted with caution. The data are not adequate to allow comparable calculations for for-profit institutions.

SOURCES: *Annual Survey of Colleges*, 2001 to 2012; calculations by the authors.

- Among all bachelor's degree recipients at public four-year institutions (both borrowers and nonborrowers) who earned their degrees from the institution at which they began their studies, average debt was \$13,600 in 2010-11.

- About 66% of students who earned bachelor's degrees in 2010-11 from the private nonprofit four-year colleges at which they began their studies graduated with debt. Average debt per borrower was \$29,900, up from \$23,400 (in 2011 dollars) a decade earlier.

- Among all bachelor's degree recipients at private nonprofit four-year institutions (both borrowers and nonborrowers) who earned their degrees from the institution at which they began their studies, average debt was \$19,700 in 2010-11.

- Among public bachelor's degree recipients, borrowing grew more rapidly from 2005-06 to 2010-11 than it had during the preceding five years. Debt per borrower grew at an average annual rate of 2.1% beyond inflation and average debt per graduate grew at an average annual rate of 2.7%. These figures were 1.4% and 2.5%, respectively, from 2000-01 to 2005-06.

- Among private nonprofit bachelor's degree recipients, borrowing grew less rapidly from 2005-06 to 2010-11 than it had during the preceding five years. Debt per borrower grew at an average annual rate of 1.2% beyond inflation and average debt per graduate grew at an average annual rate of 1.5%. These figures were 3.8% and 4.6%, respectively, from 2000-01 to 2005-06.

## ALSO IMPORTANT:

- Among students earning bachelor's degrees in 2010-11 from either the public or private nonprofit four-year colleges at which they began their studies, the 60% who borrowed graduated with an average debt of \$25,300. For all of these bachelor's degree recipients, including those with no debt, the average amount borrowed was \$15,100.

- As Figures 11A and 11B reveal, students who earn their bachelor's degrees at for-profit institutions are more likely to borrow than those who attend public and private nonprofit colleges, and those who borrow tend to accumulate higher average levels of debt.

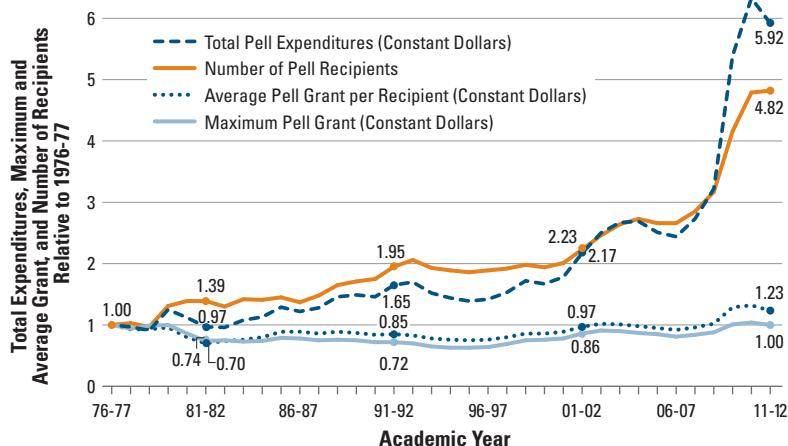




# Pell Grants

The \$5,550 maximum Pell Grant in 2011-12 was about equal to the 1976-77 maximum grant of \$1,400 after adjusting for inflation. The number of recipients in 2011-12 was five times as high as it was in 1976-77.

**FIGURE 13A**  
Number of Pell Recipients, Total Inflation-Adjusted Expenditures, and Maximum and Average Pell Grant Relative to 1976-77 Level, 1976-77 to 2011-12



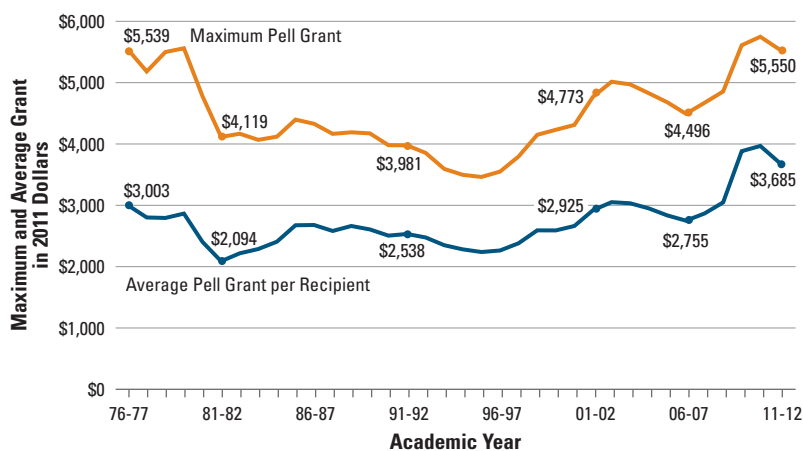
Each line in Figure 13A shows how one aspect of the Pell Grant program has changed since 1976-77. A value of 2 indicates a doubling since that year. The value of 5.92 for total expenditures in 2011-12 indicates that total Pell dollars were 5.92 times as high in 2011-12 as in 1976-77, after adjusting for inflation.

- The number of Pell Grant recipients increased from 4.3 million in 2001-02 to 5.2 million in 2006-07 and 9.3 million in 2010-11. In 2011-12, 9.4 million students received Pell Grants.
- In 2011-12, when the maximum Pell Grant was \$5,550, the average Pell Grant per recipient was \$3,685 because students who have some personal or family resources to contribute to their own education and/or enroll part-time receive partial awards.
- Because the maximum Pell Grant award remained fixed in law at \$5,550, the value, when adjusted for inflation, declined from 2010-11 to 2011-12.

**ALSO IMPORTANT:**

- In 2010-11, 31% of Pell Grant recipients received at least \$5,550 in Pell funding — the maximum for a single award. In 2008-09, 25% of Pell Grant recipients received the maximum Pell Grant of \$4,731 (in current dollars).

**FIGURE 13B**  
Maximum and Average Pell Grant in 2011 Dollars, 1976-77 to 2011-12



Federal Pell Grant Awards in 2011 Dollars, 1976-77 to 2011-12, Selected Years

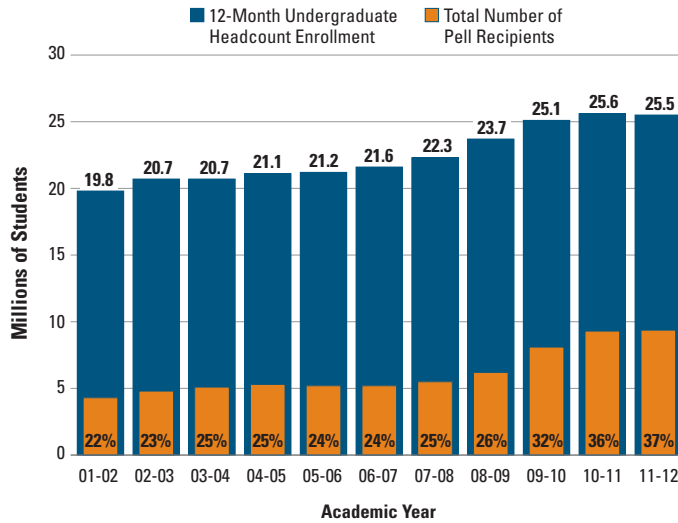
	In 2011 Dollars			Number of Pell Recipients (in Millions)
	Total Pell Expenditures (in Billions)	Maximum Pell Grant	Average Pell Grant per Recipient	
1976-77	\$5.8	\$5,539	\$3,003	1.9
1981-82	\$5.7	\$4,119	\$2,094	2.7
1986-87	\$7.1	\$4,333	\$2,684	2.7
1991-92	\$9.6	\$3,981	\$2,538	3.8
1996-97	\$8.3	\$3,554	\$2,269	3.7
2001-02	\$12.7	\$4,773	\$2,925	4.3
2006-07	\$14.2	\$4,496	\$2,755	5.2
2007-08	\$15.9	\$4,675	\$2,872	5.5
2008-09	\$18.8	\$4,859	\$3,052	6.2
2009-10	\$31.5	\$5,613	\$3,887	8.1
2010-11	\$37.0	\$5,751	\$3,972	9.3
2011-12	\$34.5	\$5,550	\$3,685	9.4

SOURCES: *The Federal Pell Grant Program End-of-Year Report, 2010-11*; Federal Student Aid Data Center ([studentaid.ed.gov/about/data-center/student/title-iv](http://studentaid.ed.gov/about/data-center/student/title-iv)); unpublished data from the U.S. Department of Education, Office of Postsecondary Education.

# Pell Grants

The total number of undergraduate students in the U.S. increased from 19.8 million in 2001-02 to 21.6 million in 2006-07, and to 25.5 million in 2011-12. The percentage of these students receiving Pell Grants increased from 22% in 2001-02 to 24% in 2006-07, and to 37% in 2011-12.

**FIGURE 14A**  
Total Undergraduate Enrollment and Percentage of Students Receiving Pell Grants, 2001-02 to 2011-12

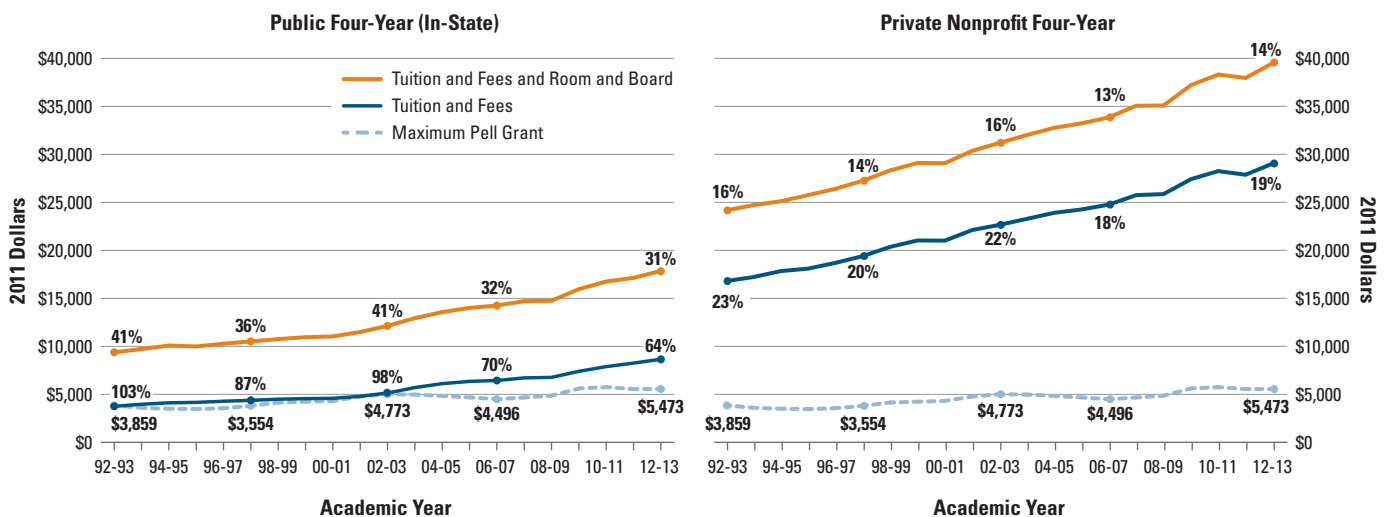


NOTE: Twelve-month undergraduate headcount at Title IV institutions for 2011-12 is estimated based on preliminary IPEDS numbers.

SOURCES: NCES, *Enrollment in Postsecondary Institutions and Financial Statistics and Postsecondary Institutions and Price of Attendance in the United States*; *The Federal Pell Grant End-of-Year Report*, 2010-11; projections from the U.S. Department of Education, Office of Postsecondary Education.

- The number of undergraduate students grew at an average rate of 2% per year from 2001-02 to 2006-07 and 3% per year over the second half of the decade.
- The number of Pell Grant recipients grew at an average rate of 4% per year from 2001-02 to 2006-07 and 13% per year over the second half of the decade.
- The maximum Pell Grant grew by 9% between 2002-03 and 2012-13, from \$5,018 to \$5,473 in 2011 dollars. Inflation-adjusted tuition and fees increased by 66% at public four-year institutions and by 26% at private nonprofit four-year institutions over this decade.
- The maximum Pell Grant covered 98% of average public four-year tuition and fees (and 41% of tuition, fees, room and board) in 2002-03, but only 64% in 2012-13.
- The maximum Pell Grant covered 22% of average private nonprofit four-year tuition and fees (and 16% of tuition, fees, room and board) in 2002-03, and 19% in 2012-13.

**FIGURE 14B** Inflation-Adjusted Maximum Pell Grant, Tuition and Fees (TF), Tuition and Fees and Room and Board (TFRB), and Maximum Pell Grant as a Percentage of TF and TFRB, 1992-93 to 2012-13



Percentages displayed in Figure 14B represent percentage of TF (solid blue line) and TFRB (orange line) that are covered by the Maximum Pell Grant in that academic year.

SOURCES: *The Federal Pell Grant Program End-of-Year Report*, 2010-11; unpublished data from the U.S. Department of Education, Office of Postsecondary Education; *Trends in College Pricing*, The College Board.

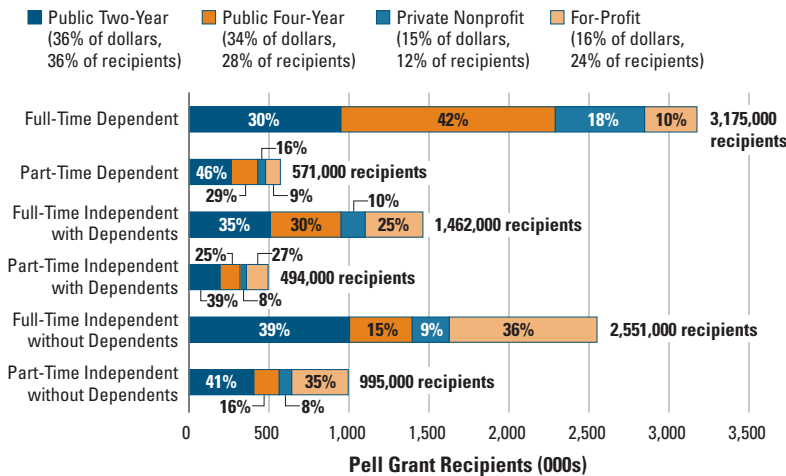


See Figure 2011\_14B Percentage of Students and Aid Applicants Receiving Pell Grants and Table 2A and Table 2B in *Trends in College Pricing*.

# Pell Grants

In 2010-11, about one-third of independent Pell Grant recipients without dependents — both part time and full time — were enrolled in for-profit institutions. Over one-quarter of independent recipients with dependents were enrolled in the for-profit sector.

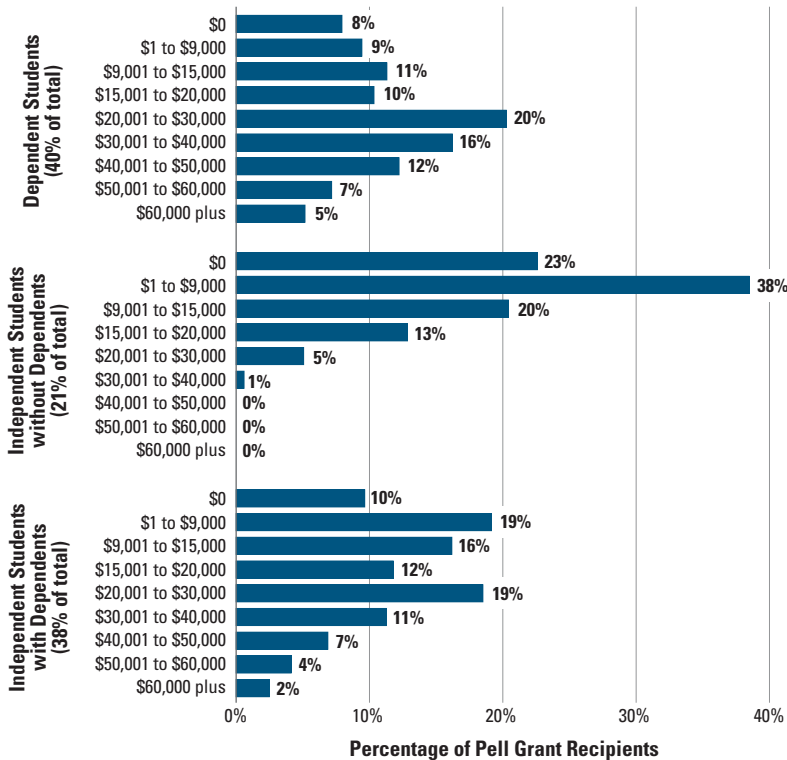
**FIGURE 15A**  
Distribution of Pell Grant Recipients (in Thousands) by Dependency Status, Enrollment Intensity, and Institutional Sector, 2010-11



- In 2010-11, 60% of Pell Grant recipients were independent students. They were either ages 24 or older, married, with dependents of their own, veterans or on active duty, homeless, orphans, or wards of the court.
- Dependent students constituted 40% of Pell Grant recipients in 2010-11, with 95% of these students coming from families with incomes of \$60,000 or less.
- About half of all Pell Grant recipients in 2010-11 were ages 23 or younger, while half were ages 24 or older.
- Of the 9.3 million Pell Grant recipients in 2010-11, 3.2 million (34%) were dependent students enrolled full-time. Another 2.6 million (28%) were full-time independent students without dependents.

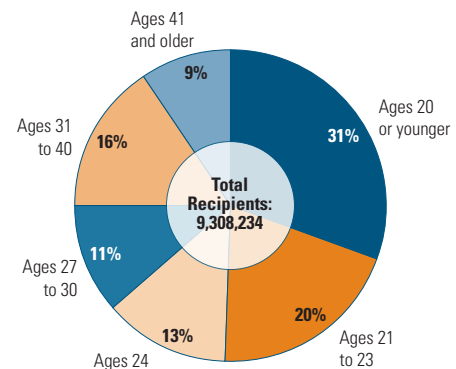
NOTE: Full-time is defined as *exclusively* full-time for one or more academic periods that a student received a Pell Grant; part-time includes all other enrollments. Private nonprofit two-year institutions are excluded here. Percentages may not sum to 100 because of rounding.  
SOURCE: *The Federal Pell Grant Program End-of-Year Report, 2010-11*, Table 13.

**FIGURE 15B**  
Distribution of Pell Grant Recipients by Dependency Status and Income Level, 2010-11



NOTE: Percentages may not sum to 100 because of rounding.  
SOURCE: *The Federal Pell Grant Program End-of-Year Report, 2010-11*, Table 6.

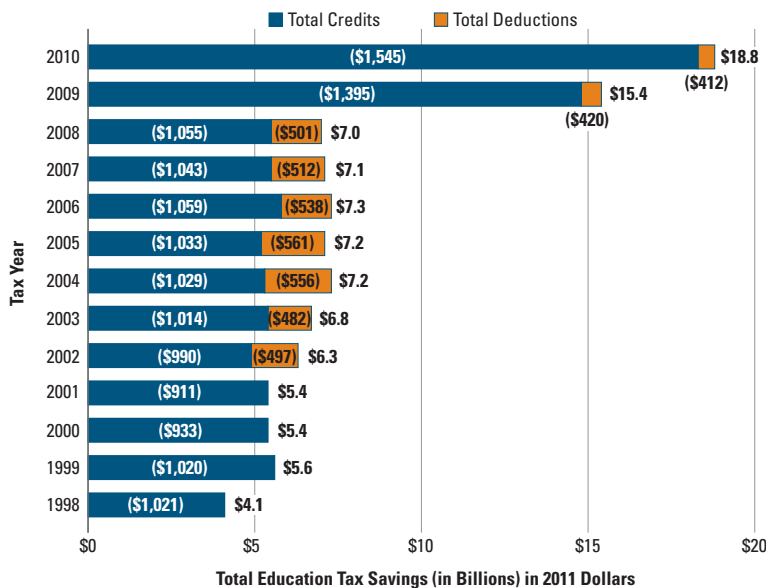
**FIGURE 15C**  
Distribution of Pell Grant Recipients by Age, 2010-11



SOURCE: *The Federal Pell Grant Program End-of-Year Report, 2010-11*, Table 11.

# Education Tax Credits and Tuition Deductions

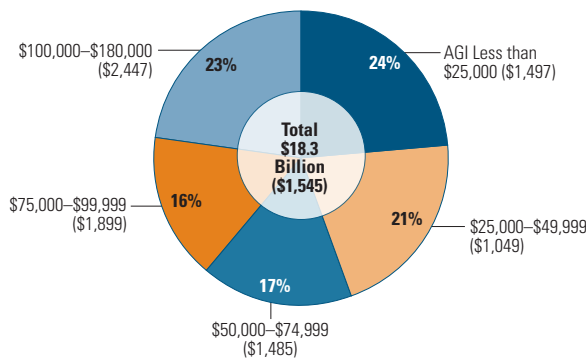
**FIGURE 16A**  
Total Education Tax Credits and Tuition Deductions in 2011 Dollars, 1998 to 2010 (and Average Tax Savings per Recipient)



The American Opportunity Tax Credit (AOTC), introduced in 2009, increased the total tax savings for college students and their parents claiming education credits and tuition deductions from \$7.0 billion (in 2011 dollars) in 2008 to \$15.4 billion in 2009 and to \$18.8 billion in 2010.

- Education tax credits and deductions are “tax expenditures.” They reduce federal income tax liabilities — and federal tax revenues. Their impact on the federal budget is the same as the impact of direct expenditures.
- The number of taxpayers benefiting from the tuition tax deduction declined from 3.0 million in 2008 to 1.2 million in 2010, as the number of filers benefiting from education tax credits increased from 5.2 million to 11.9 million.
- The AOTC is available to taxpayers with an AGI as high as \$180,000. Of the savings from tax credits, 23% went to households with an AGI of \$100,000 or higher in 2010; 60% of the tuition tax deduction benefit went to households with incomes between \$100,000 and \$160,000.
- Because the AOTC is partially refundable, 24% of the savings from tax credits went to households with an AGI below \$25,000 in 2010. Only 3% of the tax deduction benefit went to households in this income category.

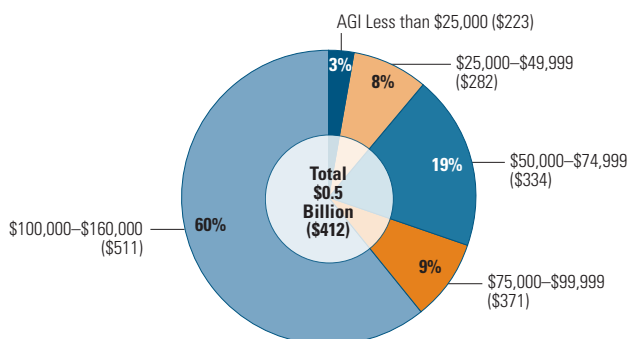
**FIGURE 16B**  
Distribution of Education Tax Credits by Adjusted Gross Income (AGI), 2010 (and Average Tax Savings per Recipient in 2011 Dollars)



**ALSO IMPORTANT:**

- In 2010, 7.6 million taxpayers with taxable returns deducted \$7.0 billion in student loan interest, generating over \$1 billion in savings.
- Other subsidies to students through the tax code include the personal exemption allowed for students ages 19 and older, which saved parents over \$5 billion in 2010, and the excludability of tuition assistance from employers, which saved students about \$700 million. Taxpayers saved about \$1.5 billion in taxes on the earnings from savings earmarked for education. (*Analytical Perspectives, Budget of the U.S. Government, FY 2012, Table 17-1*)

**FIGURE 16C**  
Distribution of Savings from Tuition Tax Deductions by Adjusted Gross Income (AGI), 2010 (and Average Tax Savings per Recipient in 2011 Dollars)



NOTE: Refundable tax credits claimed on all returns are included. For nonrefundable credits and for deductions, only amounts claimed on taxable income tax returns are included. The value of tax deductions is estimated based on applicable marginal tax rates. Available data do not allow separation of independent students from parents of dependent students claiming tax credits and deductions. The tax deduction was first implemented for the 2002 tax year. Percentages may not sum to 100 because of rounding.

SOURCES: Internal Revenue Service, *Statistics of Income*, Tables 1.3, 1.4, 3.3 (1998–2010); calculations by the authors.

# State Grants

State grant aid per full-time equivalent (FTE) undergraduate student in the United States was about 2% lower in inflation-adjusted dollars in 2010-11 than it was five years earlier. This period of stagnation followed growth of 28% from 1990-91 to 1995-96, 25% from 1995-96 to 2000-01, and 13% from 2000-01 to 2005-06.

- The percentage of state grant dollars for undergraduate students distributed without regard to students' financial circumstances increased from 9% in 1985-86 to 14% in 1995-96, to 28% in 2005-06, and to 29% in 2010-11.
- In the one year from 2009-10 to 2010-11, average state grant aid per undergraduate FTE student based on financial circumstances declined by \$11. In the same year, the average aid distributed without regard to financial circumstances increased by \$12.
- State grant programs differ considerably across states. In 14-states, financial circumstances influenced the distribution of all state grant aid for undergraduates in 2010-11. In contrast, Arkansas, Georgia,

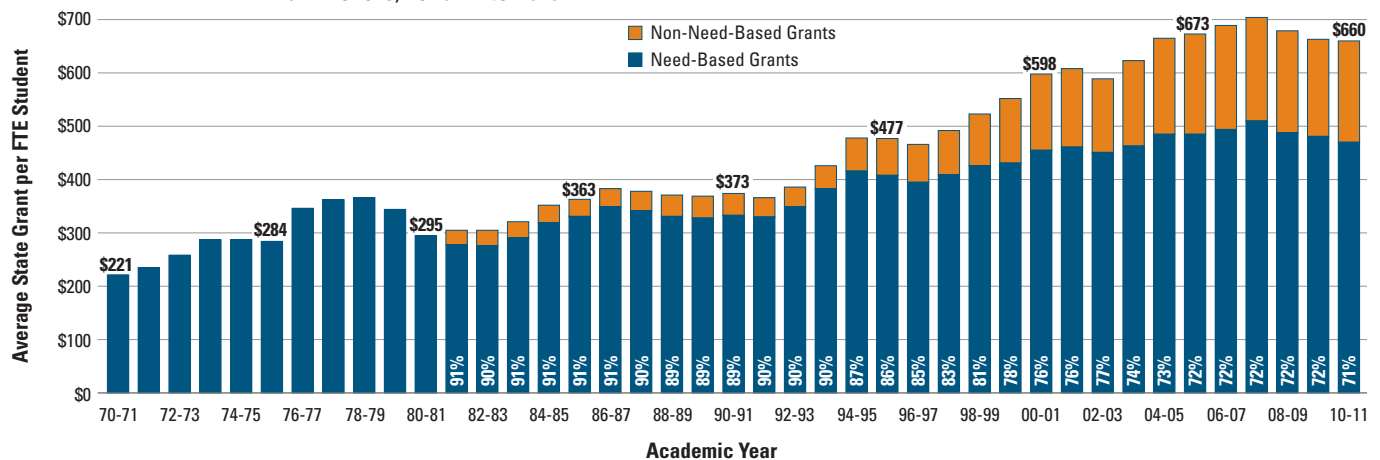
South Dakota, and the District of Columbia considered financial circumstances for less than 10% of their aid dollars.

- Among the 14 states providing only need-based state grant aid to undergraduates, only two (Pennsylvania and California) awarded more than the national average of \$660 (in 2011 dollars) per FTE student in 2010-11.

### ALSO IMPORTANT:

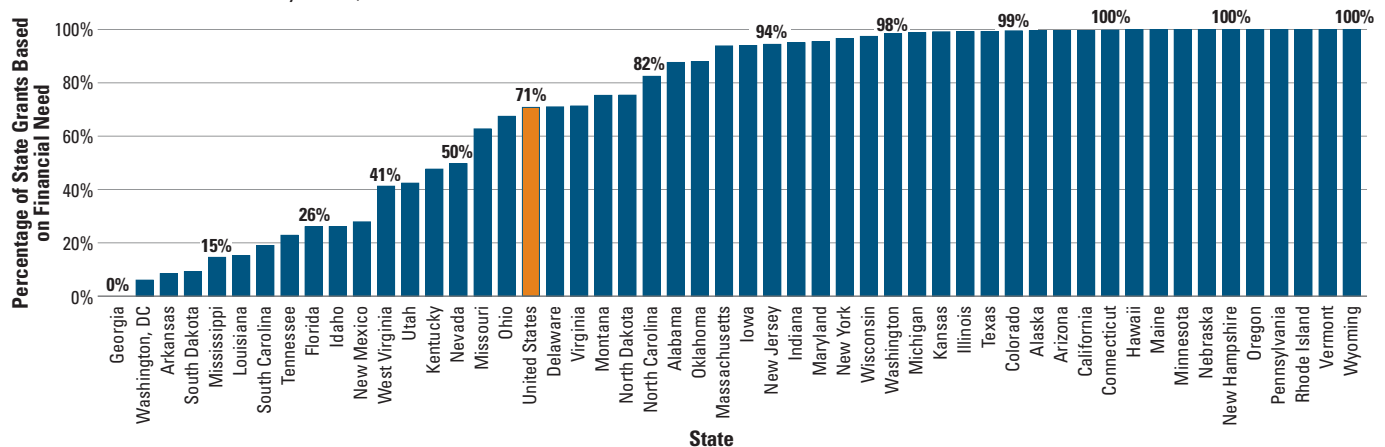
- Michigan and Ohio reduced expenditures on undergraduate state grant aid by over 50% between 2005-06 and 2010-11. Over these five years, nine states more than doubled their expenditures — including six states that more than tripled their expenditures (Alaska, Arizona, Arkansas, Hawaii, North Dakota, Wyoming).

**FIGURE 17A** Need-Based and Non-Need-Based State Grants per Full-Time Equivalent (FTE) Undergraduate Student in 2011 Dollars, 1970-71 to 2010-11



Percentages displayed represent percentage of total undergraduate state grant aid for which students' financial circumstances were considered.

**FIGURE 17B** Percentage of Undergraduate State Grant Aid for Which Students' Financial Circumstances Were Considered, by State, 2010-11



NOTE: Need-based aid includes any grants for which financial circumstances contribute to eligibility. Non-need-based aid refers to grants for which financial circumstances have no influence on eligibility. These data are based on state grants awarded to undergraduate students.

SOURCES: National Association of State Student Grant and Aid Programs (NASSGAP) Survey, 2012; unpublished enrollment data provided by IPEDS staff.



# State Grants

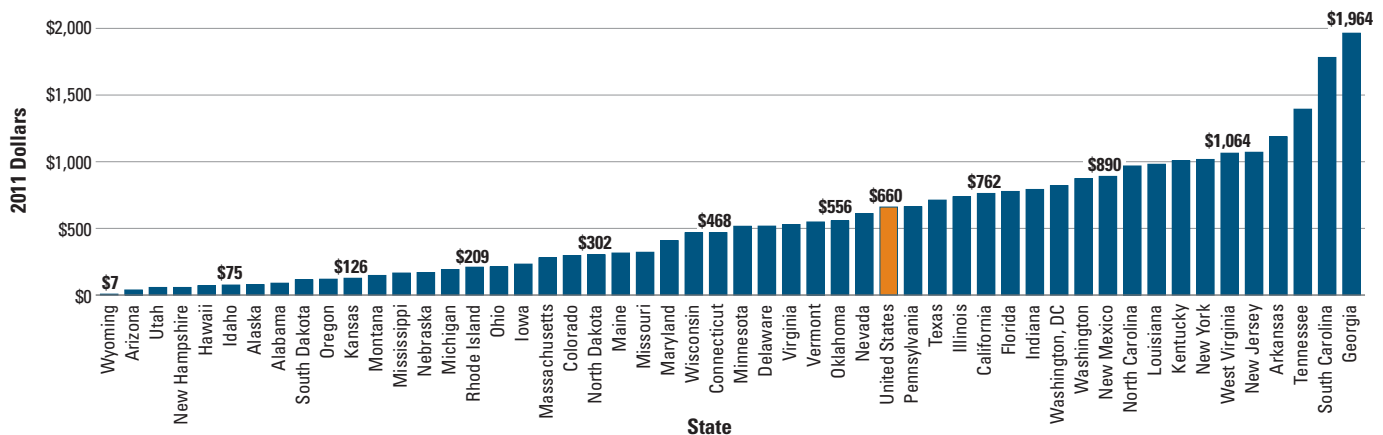
In 2010-11, state grant aid per full-time equivalent (FTE) undergraduate student in 2011 dollars ranged from under \$100 in eight states to over \$1,000 in eight states.

- In Georgia, the state with the highest grant aid per FTE undergraduate student, none of the aid was need-based. In South Carolina, the second most generous state, the financial circumstances of the recipients were considered for 19% of the state grant funds.
- Four of the five states with the lowest levels of state grant aid per undergraduate FTE student awarded 100% of their funds on the basis of financial need.
- In the nation as a whole, state grant expenditures constituted 12% of total state support for higher education in 2010-11. This represents an increase from 5% in 1990-91 and 8% in 2000-01. (Illinois State University, *Grapevine* data)

## ALSO IMPORTANT:

- Six states provided 50% of all state grant dollars in 2010-11, with California contributing 14% and New York 10%. (*NASSGAP Survey, 2012, Table 1*)
- Some state-funded grant aid is in the form of “tuition set-aside” programs through which a portion of tuition revenues at public institutions — or of increases in tuition — is dedicated to grant aid. Some of these funds are included in reported state grant aid, but others are not. Tuition remission dollars, not always reported as state grant aid, play a sizable role in North Carolina and other states.

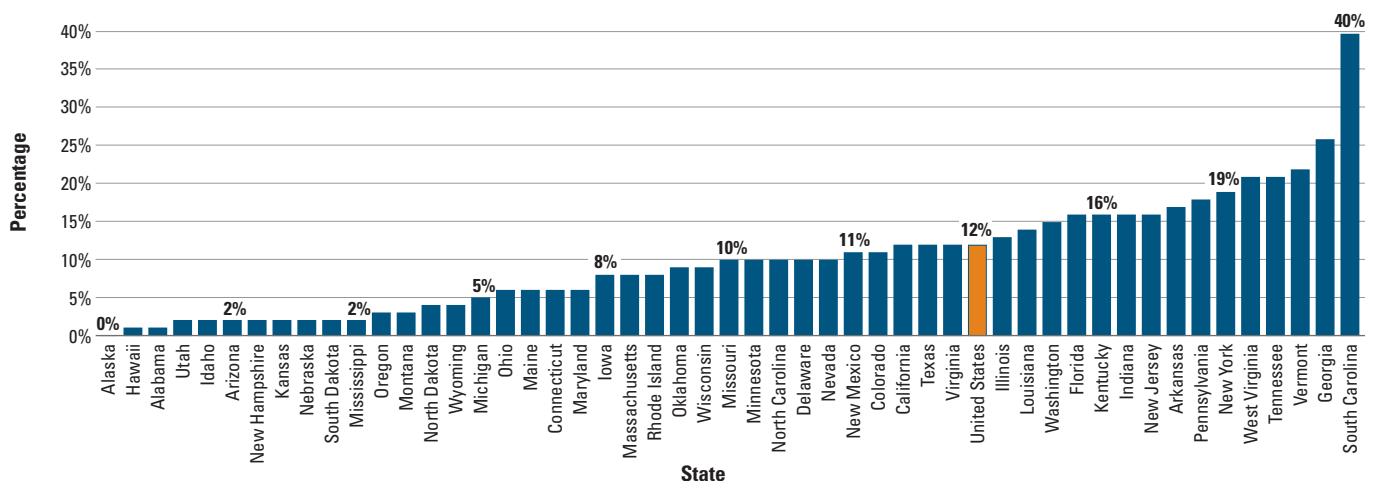
**FIGURE 18A** State Grant Aid per Full-Time Equivalent (FTE) Undergraduate Student in 2011 Dollars, 2010-11



Full-time equivalent students include both state residents and out-of-state students who are not eligible for state grants. State grant aid per FTE is influenced by both the generosity of state grant programs and by the variation across states in the percentage of students who are residents.

SOURCES: NASSGAP Survey, 2012, Table 12; calculations by the authors.

**FIGURE 18B** State Grant Expenditures as a Percentage of Total State Support for Higher Education, 2010-11



NOTE: State grant expenditures include funding for both undergraduate and graduate students, excluding Puerto Rico.

SOURCE: NASSGAP Survey, 2012, Table 14.

# Institutional Grant Aid — Public Institutions

The percentage of institutional grant aid that helped to meet students' financial need at public four-year colleges and universities that accept less than 56% of their applicants increased from 63% in 2007-08 to an estimated 73% in 2011-12.

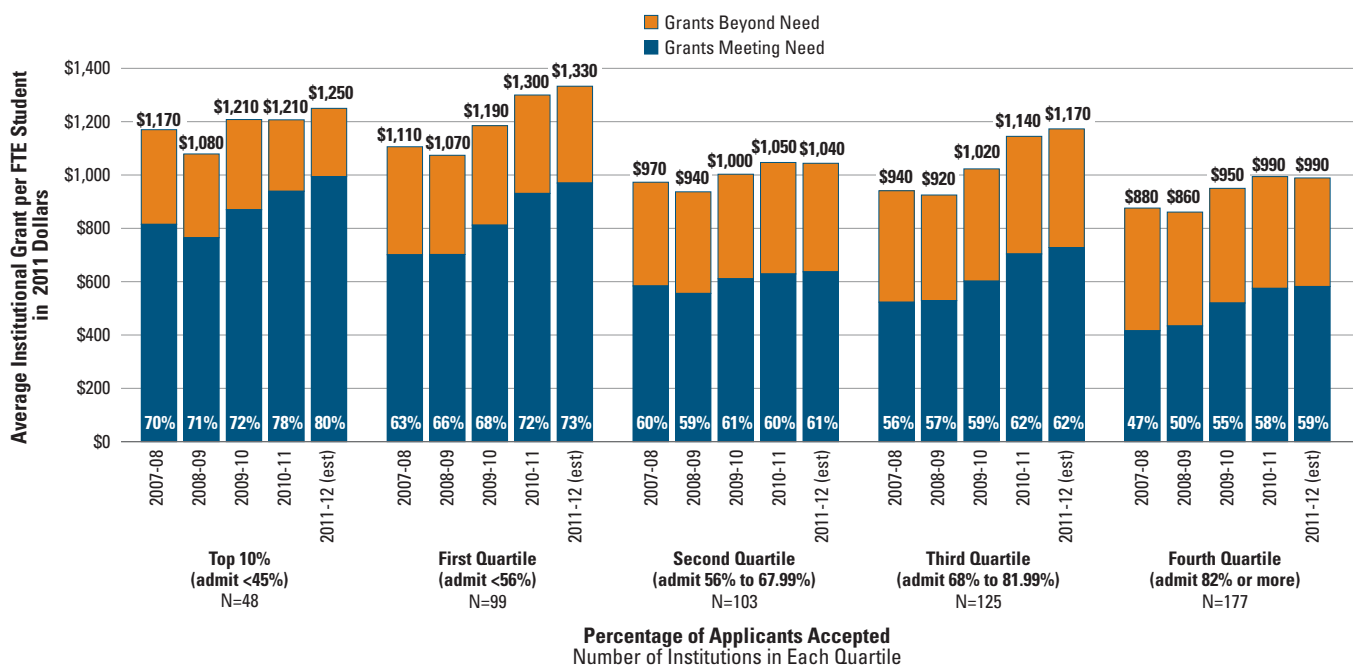
- The percentage of grant aid that is beyond need — either subsidizing students who do not have documented financial need or exceeding the amount of the students' need — is highest at the least selective public colleges and universities.
- In 2007-08, the percentage of grant aid meeting need ranged from 70% at the institutions accepting less than 10% of applicants to 47% at those accepting 82% or more. In 2011-12, these percentages ranged from 80% to 59%.
- Increases in the percentage of aid meeting need may indicate shifts in institutional policies to a focus on need-based aid, but they also result from the increased need created by a combination of rising prices and deteriorating economic conditions.
- Estimated 2011-12 institutional grant aid per full-time equivalent (FTE) undergraduate ranged from \$1,330 at public four-year institutions accepting less than 56% of their applicants, to \$990 per student at those accepting 81% or more.

## ALSO IMPORTANT:

- Like private colleges and universities, public institutions use their financial aid dollars for multiple purposes. In addition to making it possible for students with inadequate financial resources to enroll, they seek to attract students with strong academic credentials and other characteristics they consider important.
- Both published tuition prices and family incomes tend to be higher at more selective institutions. Based on a definition of selectivity that includes both percentage of applicants admitted and SAT<sup>®</sup>/ACT scores, according to *NPSAS 2008*, in 2007-08, median family income for dependent students at public four-year institutions with open admission was about \$57,000, compared to \$66,000 at minimally selective, \$77,000 at moderately selective, and \$87,000 at very selective public four-year institutions. (*NPSAS, 2008*)
- Published tuition and fees at the median student's institution in 2007-08 ranged from \$3,100 at open admission public four-year colleges and \$4,900 at minimally selective institutions, to \$5,600 at moderately selective and \$6,900 at very selective public colleges and universities. (*NPSAS, 2008*)

**FIGURE 19A**

Institutional Grant Aid per Full-Time Equivalent (FTE) Student by Institutional Selectivity and Student Financial Need, Public Four-Year Colleges and Universities, in 2011 Dollars, 2007-08 to 2011-12



*Grants meeting need may be awarded according to financial circumstances or on the basis of other criteria. The estimates reported here reflect the best efforts of respondents to the College Board's Annual Survey of Colleges to identify aid that fills the gap between a student's available resources and the cost of attendance. Grants awarded to students without financial need or awarded in excess of need are "grants beyond need."*

NOTE: About 70% of the public four-year institutions in the *Annual Survey of Colleges (ASC)* provide data on institutional grant aid. Selectivity is defined by the percentage of applicants accepted to the institution in the relevant years. Quartiles are based on number of FTE students, not number of institutions. Some institutions change selectivity categories from year to year. Estimates for 2011-12 incorporates both the response for that year and the change from 2010-11 for schools reporting both years. Estimates should be interpreted with caution. The number of institutions in each category in 2010-11 is reported on the horizontal axis. Athletic Aid and tuition waivers are not included here. Note that the scale of Figure 19A is one-tenth that of Figure 19B on page 31.

SOURCES: *Annual Survey of Colleges*, 2008 to 2012; calculations by the authors.



See Figure 2009\_14 Public Sector Institutional Grants by Family Income, 2007-08.

# Institutional Grant Aid — Private Institutions

Over the years from 2007-08 through 2011-12, about 92% of institutional grant aid helped to meet students' financial need at private nonprofit four-year colleges and universities that accept less than 27% of their applicants. Including all institutions accepting less than 45% lowers the percentage of aid meeting need to 85% to 87% over this 5-year period.

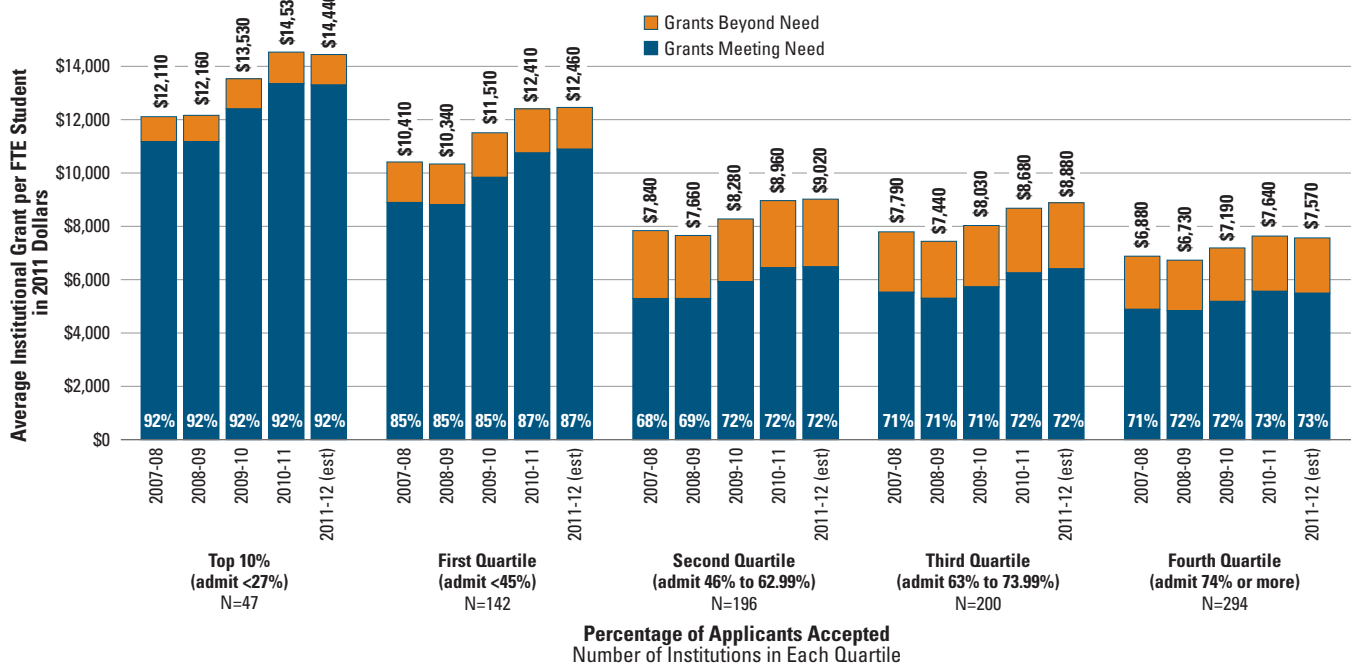
- For the three-quarters of private nonprofit four-year college students enrolled in institutions accepting 46% or more of their applicants, institutional selectivity does not measurably affect the percentage of grant aid that meets need. This percentage has been in the range of 68% to 73% from 2007-08 through 2011-12. The other 27% to 32% of grant aid subsidizes students without documented financial need or exceeds the need of the recipients.
- The percentage of aid meeting need may increase either because of institutional policies focusing on need-based aid or because a combination of rising prices and deteriorating economic conditions creates additional financial need.
- Estimated 2011-12 institutional grant aid per full-time equivalent (FTE) undergraduate ranged from \$14,440 at institutions accepting less than 27% of their applicants to \$7,570 per FTE undergraduate at those accepting 74% or more of their applicants.

## ALSO IMPORTANT:

- Both published tuition prices and family incomes tend to be higher at more selective institutions. Based on a definition of selectivity that includes both percentage of applicants admitted and SAT<sup>®</sup>/ACT scores, according to *NPSAS 2008*, in 2007-08, median family income for dependent students at private colleges with open admission was about \$53,000, compared to \$65,000 at minimally selective, \$80,000 at moderately selective, and \$97,000 at very selective private nonprofit four-year institutions. (*NPSAS, 2008*)
- Published tuition and fees at the median student's institution in 2007-08 ranged from \$15,800 at open admission private nonprofit four-year colleges and \$18,900 at minimally selective institutions, to \$22,100 at moderately selective and \$30,200 at very selective private nonprofit four-year colleges and universities. (*NPSAS, 2008*)

**FIGURE 19B**

Institutional Grant Aid per Full-Time Equivalent (FTE) Student by Institutional Selectivity and Student Financial Need, Private Nonprofit Four-Year Colleges and Universities, in 2011 Dollars, 2007-08 to 2011-12



*Grants meeting need may be awarded according to financial circumstances or on the basis of other criteria. The estimates reported here reflect the best efforts of respondents to the College Board's Annual Survey of Colleges to identify aid that fills the gap between a student's available resources and the cost of attendance. Grants awarded to students without financial need or awarded in excess of need are "grants beyond need."*

NOTE: About 80% of the private nonprofit four-year institutions in the *Annual Survey of Colleges (ASC)* provide data on institutional grant aid. Selectivity is defined by the percentage of applicants accepted to the institution in the relevant years. Quartiles are based on number of FTE students, not number of institutions. Some institutions change selectivity categories from year to year. Estimates for 2011-12 incorporates both the response for that year and the change from 2010-11 for schools reporting both years. Estimates should be interpreted with caution. The number of institutions in each category in 2010-11 is reported on the horizontal axis. Athletic Aid and tuition waivers are not included here. Note that the scale of Figure 19B is ten times that of Figure 19A on page 30.

SOURCES: *Annual Survey of Colleges*, 2008 to 2012; calculations by the authors.

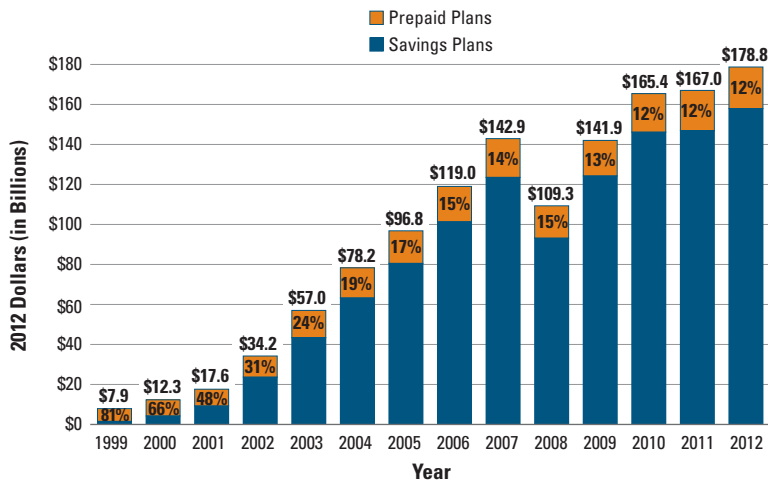


See Figure 2009\_15 Private Nonprofit Sector Institutional Grants by Family Income, 2007-08.

# College Savings Plans

**FIGURE 20A**

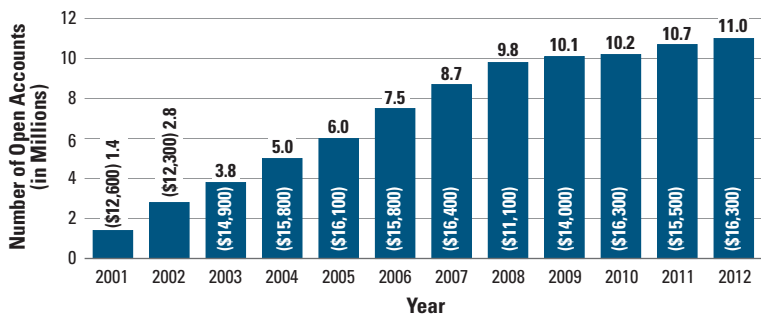
Total Assets in State-Sponsored Section 529 Savings Plans (and Percentage of Funds in Prepaid Tuition Accounts) in 2012 Dollars (in Billions), December 1999 to June 2012



NOTE: Values for 1999 through 2011 are as of Dec. 31. Value for 2012 is as of June 30.  
SOURCE: Data provided by College Savings Plans Network ([www.collegesavings.org](http://www.collegesavings.org)).

**FIGURE 20B**

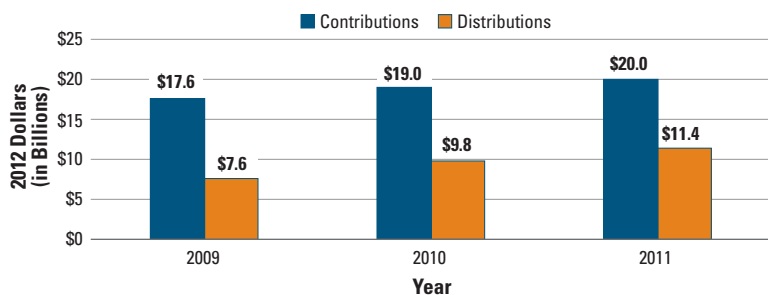
Number of State-Sponsored 529 Savings Accounts (and Average Account Value in 2012 Dollars), 2001–2012



NOTE: Values for 2001 through 2011 are as of Dec. 31. Value for 2012 is as of June 30.  
SOURCE: College Savings Plans Network.

**FIGURE 20C**

State-Sponsored 529 College Savings Accounts: Contributions and Distributions, in 2012 Dollars (in Billions), 2009 to 2011



SOURCE: College Savings Plans Network.

As of June 2012, total assets in Section 529 state college savings plans totaled \$178.8 billion. Eleven million accounts held an average of \$16,300.

- The percentage of 529 assets held in prepaid tuition plans declined from 81% in 1999 to 31% in 2002, to 14% in 2007, and to 12% in 2012.
- The total number of 529 college savings accounts grew from 1.4 million in 2001 to 7.5 million in 2006 and 10.1 million in 2009. In 2012, there were 11.0 million accounts.
- In 2011, distributions from 529 accounts covered \$11.4 billion of college expenses, an increase from \$7.6 billion in 2009 (in 2012 dollars).

**ALSO IMPORTANT:**

- Although 16 states have prepaid tuition plans, 48% of the total assets in these accounts are in Florida.
- Virginia has the largest 529 savings plan, with 22% of the total assets.
- Arkansas, Colorado, Kansas, Louisiana, Maine, Missouri, Nevada, North Dakota, Rhode Island, Utah, and West Virginia provide matching grants for low- and middle-income families who contribute to 529 savings accounts. ([www.savingforcollege.com](http://www.savingforcollege.com))
- More than 270 private colleges and universities have joined together in a prepaid tuition plan that carries the same tax benefits as the state-sponsored 529 savings plans. The assets in the 8 million accounts in this plan, which are not included in Figure 20A, were \$235 million as of June 30, 2012.
- Other forms of savings for education that are granted special tax status by the federal government include Series EE and Series I Savings Bonds and Coverdell Education Savings Accounts, as well as IRA withdrawals for education expenses.

# Notes and Sources

## DATA DEFINITIONS

**Federally Supported Programs:** Only federal funds allocated for campus-based aid programs are included in reported federal aid amounts. Past editions of *Trends in Student Aid* included contributions by institutions and off-campus employers to the earnings of Federal Work-Study (FWS) recipients, but these figures have been adjusted. Perkins Loans are funded from past federal and institutional capital contributions as well as collections from borrowers. Since FY 2006, no funds have been appropriated for new federal capital contributions. All Perkins Loans awarded are included as federal loans. Institutional matching funds required by the Federal Supplemental Educational Opportunity Grant (FSEOG) program since 1989-90 are reported under institutional grants.

**LEAP.** Formerly known as the State Student Incentive Grant (SSIG) program, the Leveraging Educational Assistance Partnership (LEAP) monies reported under federally supported aid include federal monies only; the state share is included in the state grant category. Funding for the LEAP programs ended with the 2010-11 academic year.

**Veterans.** Benefits are payments for postsecondary education and training to veterans and their dependents, including the Post-9/11 Veterans Educational Assistance program established in 2009-10 and all programs established earlier. Some of these funds also cover living expenses and other education-related costs.

**Military.** Includes educational expenditures under the F. Edward Hebert Armed Forces Health Professions Scholarship Program; Reserve Officers' Training Corps (ROTC) programs for the Air Force, Army, and Navy/Marines; and higher education tuition assistance for the active duty Armed Forces. Because data are not available for 2011-12, the reported figures are estimates.

**Other Federal Grants.** Includes Higher Education Grants for Indian Students; American Indian Scholarships; Indian Health Service Scholarships; National Science Foundation predoctoral fellowships (minority and general graduate); National Health Service Corps Scholarships; National Institutes of Health predoctoral individual awards; the Jacob K. Javits Fellowship Program; and college grants provided to volunteers in the AmeriCorps national service programs, for which funding began in 1994-95.

**Stafford, PLUS, and Perkins Loans.** Data provided by the Department of Education on education loan disbursements.

**Other Federal Loans.** Includes loans from the Health Professions Student Loan Program, Disadvantaged Student Loans, the Nursing Student Loan Program, and the Teacher Education Assistance for College and Higher Education (TEACH) grant program. The TEACH grant program is operated as a loan program with 100% loan forgiveness upon completion of a service requirement. Current

estimates suggest that approximately three-quarters of participating students will not complete the required service and thus will have their grants converted to Direct Unsubsidized Stafford Loans.

**Education Tax Benefits.** Data on education tax credits are IRS estimates of the volume of Hope, Lifetime Learning, and American Opportunity credits for tax years 1998 and later. For nonrefundable credits, only those claimed on taxable returns are included. Tax deductions are based on IRS *Statistics of Income* ([www.irs.gov/pub/irs-soi/10inalcr.pdf](http://www.irs.gov/pub/irs-soi/10inalcr.pdf)), with associated savings estimated by the authors based on the marginal tax rates applied to the taxable income of the taxpayers in each income bracket claiming the deduction on taxable returns. Calendar year amounts are split between the two associated academic years.

**Subsidized Stafford Loans:** Need-based student loans for which the federal government pays the interest while the student is in school and during a six-month grace period thereafter. Prior to the 2011-12 academic year, these loans were available to both undergraduate and graduate students, but the Budget Control Act of 2011 eliminated the program for graduate students, whose Stafford Loans are now all unsubsidized.

**Unsubsidized Stafford Loans:** Unsubsidized Stafford Loans are issued by the federal government through the Federal Direct Student Loan Program (FDSLPL). Prior to July 2010, loans were issued either through the FDSLPL or issued by private lenders and guaranteed by the federal government.

**Full-Time Equivalent (FTE) Students:** Enrollment numbers based on a federal formula that counts each part-time student as equivalent to one-third of a full-time student.

**Graduate and Undergraduate Aid:** The breakdown of aid between undergraduate and graduate students is estimated based on the *National Postsecondary Student Aid Study (NPSAS)* when not available from other sources.

**Loan Totals:** Nonfederal loans from private lenders are included in Table 1 as an important source of funding for students, but are not considered financial aid because they provide no subsidy to students. Figures 1, 4A, 4B, 6, 8, 11A, 11B, 11C, 12A, and 12B include nonfederal loans to give a more complete picture of student borrowing. Figures 2A, 2B, 3A, and 3B measure financial aid amounts and therefore exclude nonfederal loans.

**Inflation Adjustment:** The Consumer Price Index for all urban dwellers (CPI-U) is used to adjust for inflation. We use the CPI-U in July of the year in which the academic year begins. See [ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt](http://ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt) for changes in the CPI-U over time.





## SOURCES

**Campus-Based Aid (FWS, Perkins, and FSEOG) and ACG/SMART Grants:** U.S. Department of Education, Annual Federal Program Databooks.

**Cumulative Debt for Undergraduate Students:** Distribution of cumulative debt levels reported in Figures 11A, 11B, and 11C come from the *Beginning Postsecondary Students Longitudinal Study*, 2009. Average debt levels reported in Figures 12A and 12B are based on the *Annual Survey of Colleges*, 2001 to 2012.

**Education Tax Benefits:** *Income Tax Returns*, All Returns, Tables 1.3, 1.4, and 3.3 and additional *Statistics of Income* sources.

**Federal Family Education Loan and Ford Direct Student Loan Programs:** Unpublished data from the U.S. Department of Education, Policy, Budget and Analysis staff and the National Student Loan Data System (NSLDS).

**Federal Student Loan Program Cohort Default Rates (CDR):** Data reported on annual default rates in Figures 9A and 9B are from the U.S. Department of Education, Federal Student Aid, Default Prevention and Management. The Default Prevention and Management Department calculates and releases school cohort default rates and works with schools and Data Managers in the cohort default rate challenge, adjustment, and appeal processes. The Default Prevention and Management home page is located at [ifap.ed.gov/DefaultManagement/DefaultManagement.html](http://ifap.ed.gov/DefaultManagement/DefaultManagement.html).

Additional information on the cost and recovery of defaults is based on reports from the National Consumer Law Center ([www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/student-loan-default-trap-report.pdf](http://www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/student-loan-default-trap-report.pdf)) and New America Foundation ([edmoney.newamerica.net/blogposts/2012/cbo\\_issues\\_fresh\\_evidence\\_that\\_student\\_loan\\_defaults\\_cost\\_taxpayers-70117](http://edmoney.newamerica.net/blogposts/2012/cbo_issues_fresh_evidence_that_student_loan_defaults_cost_taxpayers-70117) and [edmoney.newamerica.net/blogposts/2012/presidents\\_budget\\_shows\\_student\\_loan\\_defaults\\_cost\\_taxpayers-64000](http://edmoney.newamerica.net/blogposts/2012/presidents_budget_shows_student_loan_defaults_cost_taxpayers-64000)).

**Full-Time Equivalent (FTE) Enrollment:** Based on unpublished computations by *Integrated Postsecondary Education Data System (IPEDS)* staff at the National Center for Education Statistics (NCES).

**Institutional Grants:** Estimates based on *IPEDS* data through FY 2010, information from *NPSAS*, and data from the College Board's *Annual Survey of Colleges*. These figures represent best approximations and are updated each year as additional information becomes available.

**State Grant Programs: 2011-12:** Estimates based on an annual College Board survey of all states. 1988-89 to 2011-12: 20th through 42nd *Annual Survey Reports* of the National Association of State Student Grant and Aid Programs (NASSGAP).

**Military:** Estimates based on available data from F. Edward Hebert Armed Forces Health Professions Scholarship program amounts from the Office of the Assistant Secretary for Defense (Health Affairs). ROTC program data from the Air Force, Army, and Navy/Marines program offices.

**Nonfederal Loans:** Estimates for 2010-11 and 2011-12 provided by the Consumer Bankers Association and MeasureOne. Earlier data based on information provided by lenders supplemented by data from annual reports and from *NPSAS*, 2008. Data on lending also collected from the major credit unions and their associations. Estimates of institutional lending are based on *NPSAS*, 2008 and a survey of institutions conducted for the College Board by the National Association of Student Financial Aid Administrators (NASFAA). Data on loans from states are based on information collected from staff of state-sponsored private loan programs or state grant agencies, in addition to NASSGAP.

**Other Grants and Loans:** Data collected through conversations and correspondence with the officials of the agencies that sponsor the programs.

**Pell Grant Program:** Data from Policy, Budget, and Analysis Staff, U.S. Department of Education. Other data from *Federal Pell Grant End-of-Year Reports* and from the Federal Student Aid Data Center (<http://studentaid.ed.gov/data-center>).

**Private and Employer Grants:** Estimates based on data included in *NPSAS* and on National Scholarship Providers Association surveys of major private student grant providers, supplemented by information from annual reports of selected scholarship providers and data from institutional financial aid offices.

**State Savings Plans:** Data on assets in state savings plans and guaranteed tuition plans were provided by the National Association of State Treasurers/College Savings Plans Network.

**Veterans Benefits:** Benefits Program series (annual publication for each fiscal year), Office of Budget and Finance, U.S. Veterans Administration and unpublished data from the same agency.

For more details on data sources and methodology, please see the Trends in Student Aid website at [trends.collegeboard.org](http://trends.collegeboard.org).

This report provides the most recent and complete statistics available on student aid in the United States. Detailed historical data are available online at [trends.collegeboard.org](http://trends.collegeboard.org).

*Trends in Student Aid* was authored by independent policy analyst Sandy Baum and College Board policy analyst Kathleen Payea, with invaluable assistance from Charles Kurose.

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*Trends in Student Aid* and its companion report, *Trends in College Pricing*, are supplemented by a website that makes detailed data available for reference and downloading. The PDF versions of these reports, along with PowerPoint slides of all the graphs, are available on the Web: [trends.collegeboard.org](http://trends.collegeboard.org).

Hard copies may be ordered by contacting [cbadvocacy@collegeboard.org](mailto:cbadvocacy@collegeboard.org).

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