

IOWA COLLEGE STUDENT AID COMMISSION
Iowa Grant Program
Annual Report – FY 2012

Iowa Code, section 261.96, requires that the Iowa College Student Aid Commission submit an annual report on the Iowa Grant Program as follows:

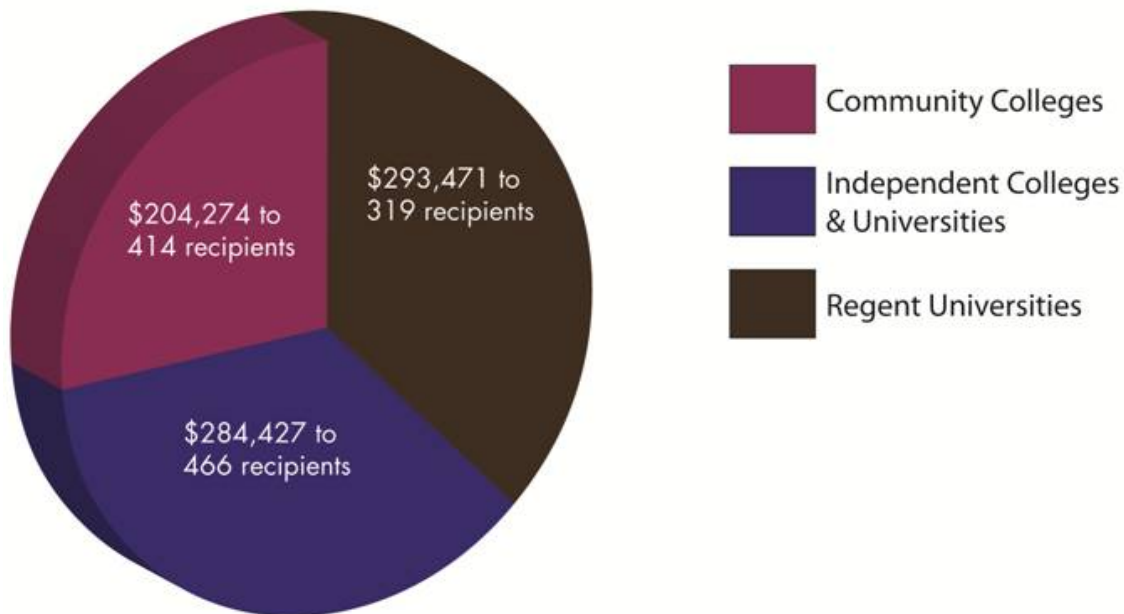
261.96

4. Make an annual report to the governor and general assembly, and evaluate the Iowa grant for the period. The commission may require the accredited higher education institution to promptly furnish any information which the commission may request in connection with the Iowa grant program.

State legislators developed the Iowa Grant Program in 1990. This program provides grant assistance of up to \$1,000 to students with the greatest financial need who attend Iowa colleges and universities. The most recent report evaluating the program is provided beginning on page 2.

During Fiscal Year 2012, this program provided 1,199 students with awards averaging \$652.

Iowa Grant Fund Distribution





Iowa Grant Brief:

The Iowa Grant Program is a need-based grant that assists Iowa residents who demonstrate high levels of financial need in paying for the cost of attending college in Iowa.

The Iowa Grant Program is allocation-based, meaning that the appropriation is divided and specific amounts are paid directly to each college. Iowa Code stipulates the percentage of funding each sector will receive. With the allocation funding, each college or university selects recipients that they define as the neediest students. The Iowa Grant is based on financial need.

Evaluative Criteria:

- Do Iowa Grant awards address access and affordability issues in relation to the rising cost of college?
- Are Iowans consistently receiving funding under a specified set of eligibility/awarding parameters to enable early college financial planning?
- Is the Iowa Grant helping students achieve a postsecondary credential (the primary purpose of student aid is to help students afford and achieve a postsecondary credential)?

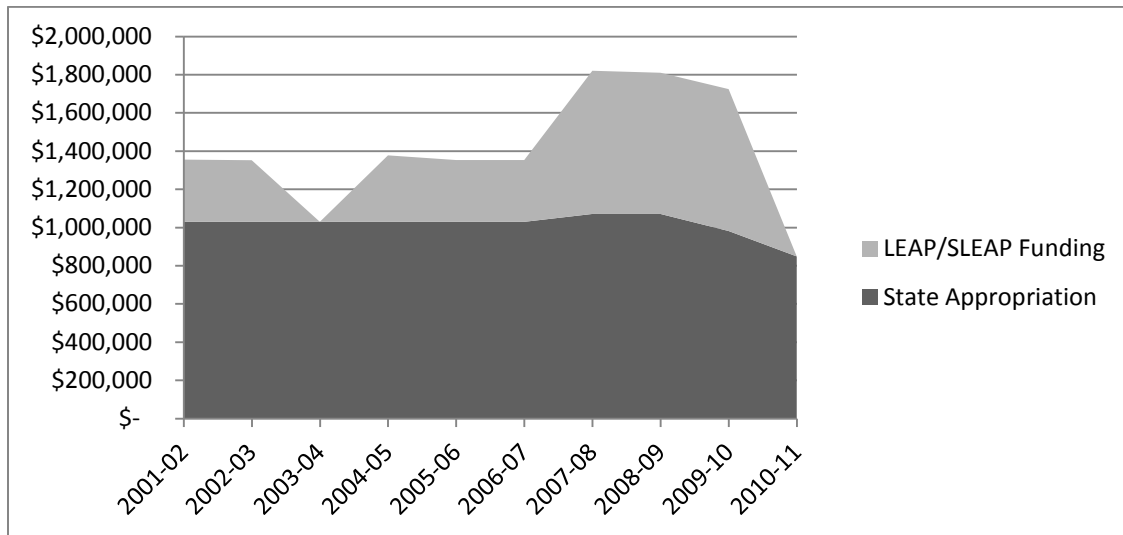
Findings/Evidence:

- The Iowa Grant funding model has not provided consistent total funding to Iowa students in the past decade (Exhibit I).
- The amount of the average Iowa Grant award has lost substantial ground to the rising cost of tuition in the past 17 years (Exhibits II & III).
- Over the course of the past decade, the percentage of eligible applicants that were awarded an Iowa Grant has not exceeded 6%ⁱ (Exhibit IV).
- Iowa Grant recipients with EFCs of \$8,000 and less had higher credential attainment rates than students in similar EFC ranges that did not receive an Iowa Grant. As EFCs increase beyond \$8,000, non-recipient credential attainment rates are higher than those of recipients (Exhibit V).

Additional Questions:

- Is an allocation-based program an appropriate structure for state-funded student financial aid programs?
- What is the threshold of funding that truly makes a difference in a student’s ability to attend college? During the 2010-11 academic year, the average Iowa Grant award covered less than 4% of the average cost of attendance at any sector of higher education in Iowa (Exhibit IV).

Exhibit I: Total Iowa Grant funding over the past decade.



Historically, the Iowa Grant appropriation has been supplemented with federal funds provided through Leveraging Educational Assistance Program (LEAP) and Special Leveraging Educational Assistance Program (SLEAP) funds. This allowed the Iowa College Student Aid Commission (Commission) to provide additional awards to students in all sectors of higher education through the Iowa Grant Program. This also led to instability in the funding provided through the program. Federal LEAP and SLEAP funding contained maintenance of effort requirements, which required the State of Iowa to maintain certain levels of postsecondary student financial aid funding over time. If state funding decreased over the course of a few years, it was possible that the state would lose eligibility for either SLEAP, or the combination of LEAP and SLEAP. The impact of this was witnessed in the early 2000’s with the loss of Federal LEAP funds (2003-04). Later in the decade, a downturn in the state economy led to budget reductions in the Iowa Grant Program appropriation, and the state’s eligibility for both LEAP and SLEAP funding was subsequently lost. This created a compounding affect on Iowa Grant funding, where over the course of two-year period, the program lost over half of its funding.

Exhibit II: Average Awards and Average Cost of Attendance per Sector: 1993-94 Academic Year

Sector	Average Iowa Grant Award	Average COA at eligible Iowa Colleges	Average Iowa Grant Award as a Percentage of COA
Regent Universities	\$883	\$7,439	11.9%
Community Colleges	\$739	\$6,665	11.1%
Private, Not-for-Profit	\$800	\$15,931	5.0%

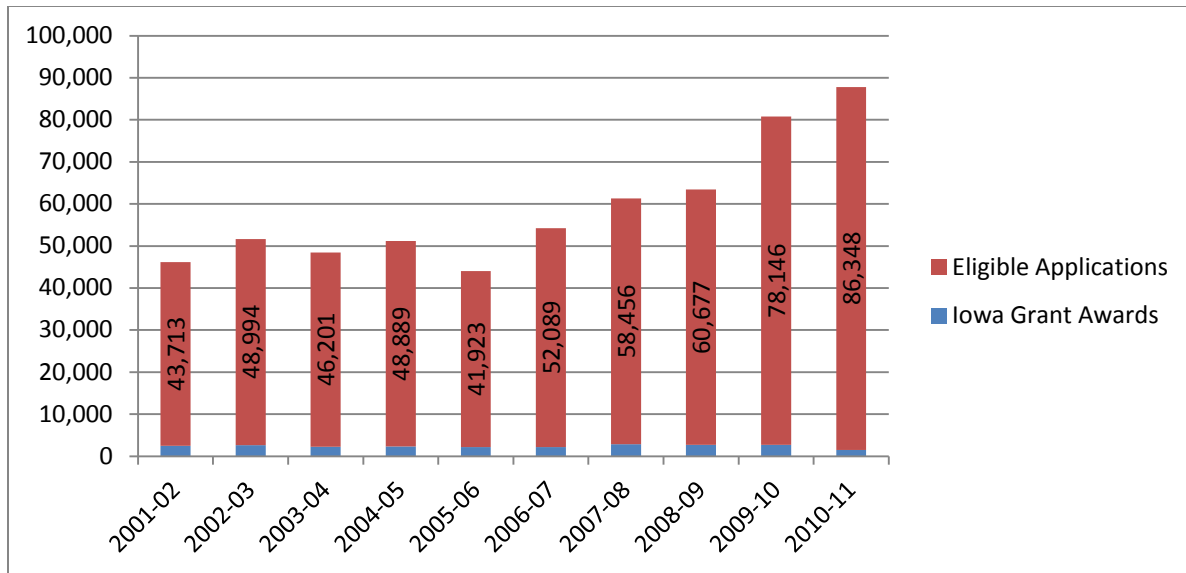
Exhibit II lists the average Iowa Grant award and cost of attendance at each eligible sector of higher education in Iowa during the 1993-94 academic year. Also shown is the percentage of the total cost of attendance that the average Iowa Grant award covers. Three years after initially being funded, the Iowa Grant Program was assisting students at Regent Universities and community colleges with more than 11% of their cost of attendance. Private college student’s awards covered approximately 5% of their cost of attendance.

Exhibit III: Average Awards and Average Cost of Attendance per Sector: 2010-11 Academic Year

Sector	Average Iowa Grant Award	Average COA at eligible Iowa Colleges	Percentage
Regent Universities	\$622	\$19,283	3.2%
Community Colleges	\$500	\$14,192	3.5%
Private, Not-for-Profit	\$647	\$33,910	1.9%
Private, For-Profit	\$489	\$34,843	1.4%

Exhibit III lists information similar to Exhibit II, but seventeen years later. The amount of educational costs that the average award covers has dropped significantly in every sector of higher education. Is the Iowa Grant providing an amount of funding that makes it possible for a student to access and afford a college or university in Iowa? Does the Iowa Grant appreciably affect college affordability?

Exhibit IV: Iowa Grant recipients and eligible applicants¹.



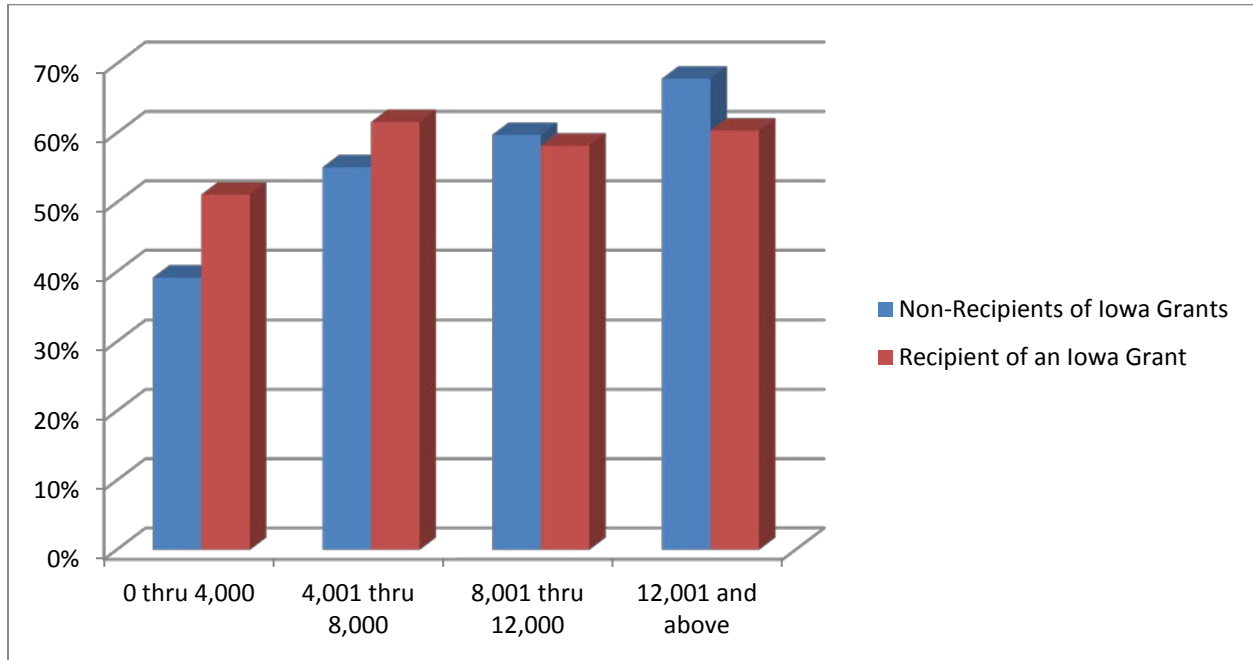
Over the course of the past decade, the percentage of eligible Iowa Grant applicants who received awards under the program never exceeded 6%. The 2001-02 academic year returned the highest percentage of funded eligible applicants this decade, at 5.6%. The 2010-11 academic year returned the lowest percentage of funded eligible applicants, at 1.7%.

Due to limited funding, the Iowa Grant Program cannot assist all students in a given range of eligibility (such as an EFC range of \$0 to \$1,000). As such, the program is administered as an allocation-based program. Colleges receive allocations and select the students they define as their most financially needy. There are unique issues associated with allocation-based programs, including:

- There are no set parameters with which an applicant can gauge his/her eligibility for the program. With no standard parameters for eligibility, it is impossible to communicate a student's possible eligibility for an Iowa Grant prior to the college awarding it.
- The inability to assist all students in a given range leads to issues of inequity. One student with a \$0 EFC on a college campus may receive an award, but another with an identical situation may not (due to limited funding)

¹ Eligible applications, for the purpose of this metric, is measured by the number of undergraduate FAFSA applications with an EFC between \$0 and \$4,000 that listed an Iowa Regent University, community college, or eligible private not-for-profit or proprietary college or university as the first-choice college on the FAFSA.

Exhibit V: First year students: Credential attainment rates among Iowa Grant recipients and non-recipients.



This chart displays credential attainment rates for students who began their programs in years 2001-02 through 2005-06, broken down by EFC ranges. Students are separated into two groups within each EFC range for comparative purposes: one group lists all beginning students; the other lists all beginning students that received an Iowa Grant. As can be seen, credential attainment rates at the lower EFC ranges (between \$0 and \$8,000) are higher among Iowa Grant recipients. Those differences begin to fade through the \$8,001 to \$12,000 EFC ranges. At the \$12,001 plus level, non-recipients have higher credential attainment rates than Iowa Grant recipients. While this evidence is not conclusive, this data suggests that the Iowa Grant helps the neediest students attain a credential. As income (EFC) increases, the impact appears to fade away.

About the Iowa College Student Aid Commission

Iowa College Aid provides college access, financial literacy, and outreach services to Iowa’s students and families as they prepare, plan and pay for college. Iowa College Aid also administers state scholarship, grant, work study, and loan forgiveness programs totaling nearly \$60.0 million annually, conducts research and distributes higher education data, and offers Iowans assistance in obtaining student financial aid and college-related information. Through its role, Iowa College Aid also serves as the state-designated administrator of the U.S. Department of Education’s College Access Challenge Grant, which is designed to increase the college-going culture in Iowa. Additionally, Iowa College Aid is the administrator of the Federal GEAR-UP Grant, a multi-year state-wide grant which is being utilized to provide early awareness programming and outreach initiatives to thousands of Iowa’s students and families. More information is available at www.IowaCollegeAid.gov.