

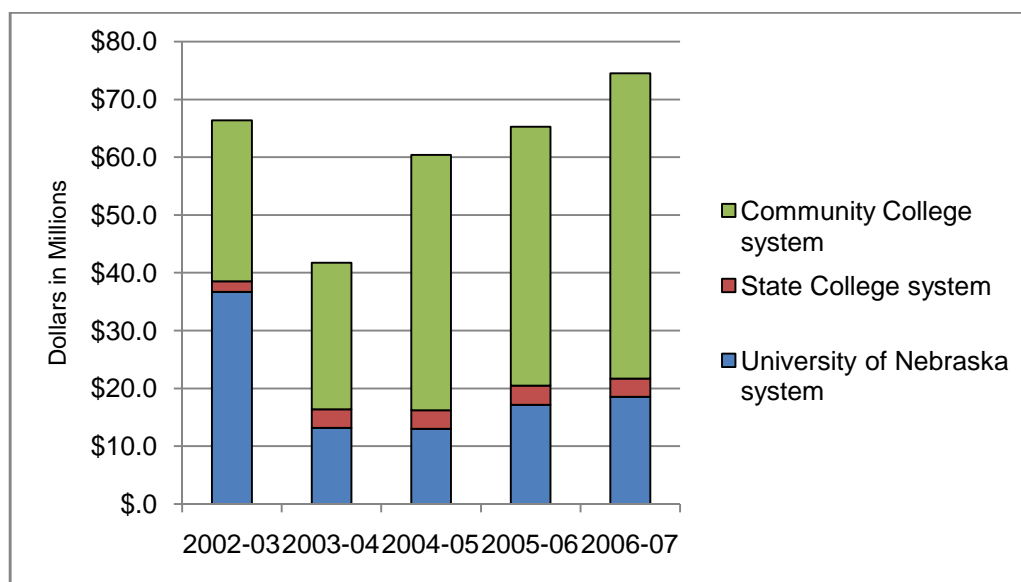
## 1.5 Financial Aid

### Increase need-based financial aid in order to improve access to higher education for Nebraskans with limited financial means.

As another strategic approach to increasing the number of students who enter postsecondary education in Nebraska, the 2003 LR 174 Higher Education Task Force recommended increasing need-based financial aid as a means of improving access to higher education for Nebraskans with limited financial resources. Increasing college costs are making higher education less attainable for students. While there are many sources of financial aid available to students, the amount available has not kept up with increasing costs. This can be illustrated in several ways.

First, there is a substantial and increasing amount of unmet financial need in Nebraska. The Commission's *2008 Tuition, Fees and Financial Aid Report* estimates that amount at approximately \$72 million in 2006–2007. The report is available on the Commission's Web site at <http://www.ccpe.state.ne.us/publicdoc/ccpe/Reports/tuition-and-fees/default.asp>.

**Figure 1.5.1**  
**Unmet Financial Need of Students at Nebraska Public Colleges and Universities**  
**2002–2003 to 2006–2007<sup>1</sup>**



<sup>1</sup>Data Source: *2008 Tuition, Fees and Financial Aid Report*, available on the Commission Web site: [www.ccpe.state.ne.us](http://www.ccpe.state.ne.us)

Second, students and their families are covering an increasing percentage of the costs of education for all sectors of Nebraska's public postsecondary institutions. See pages 11–16 of the *2008 Tuition, Fees and Financial Aid Report* for supporting data.

Finally, students are borrowing at higher and higher levels. Indeed, the amount borrowed to attend Nebraska's public postsecondary institutions increased almost 75% from 1996–1997 to 2006–2007. The number of loans increased by almost 36%.

The State of Nebraska provides need-based financial aid to college students through the Nebraska State Grant program, authorized by the Nebraska Scholarship Act and passed by the Legislature in 2003. In addition, the state provides financial aid through a system of tuition

waivers at the Nebraska state colleges and the institutions constituting the University of Nebraska. However, tuition waivers may or may not be need-based, depending on how each institution decides to allocate tuition waivers on the basis of merit or need.

The State of Nebraska also funds the Access College Early (ACE) Scholarship Program. Initiated in fall 2007, ACE scholarships are awarded to eligible low-income Nebraska high school students who take college courses for credit from qualified postsecondary institutions while the students are still in high school.

Since the Nebraska State Grant program is the primary source of state-funded, need-based financial aid for Nebraska residents who are attending postsecondary institutions within the state, the analysis in this section focuses primarily on the changes in the Nebraska State Grant program that occurred between 2003–2004, which is this report’s baseline year, and 2007–2008. In this section, other sources of need-based aid also are discussed to present a complete picture of the amount of financial aid available to Nebraskans.

### **The Nebraska State Grant Program and Other Sources of Title IV Financial Aid**

The Nebraska State Grant (NSG) program is one of several programs based on or administered under the guidelines of Title IV of the U.S. Higher Education Act. These programs provide financial aid to students attending postsecondary institutions in Nebraska and include the following federal programs (See [Explanatory Note A8.1](#) in [Appendix 8](#) for definitions of all of the financial aid programs listed below):

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Academic Competitiveness Grants (ACG)
- National Science and Mathematics Access to Retain Talent (SMART) Grants
- Federal Work-Study (FWS)
- Teacher Education Assistance for College and Higher Education Grant (TEACH)
- Perkins Loan
- Subsidized (Sub) and Unsubsidized (Unsub) Stafford Loans
- PLUS Loans for Graduate and Professional Degree Students (Grad PLUS)
- PLUS Loans

Federal Pell Grants are awarded to undergraduates who have not yet earned bachelor’s degrees and who demonstrate high financial need. Nebraska State Grants are awarded to Nebraska-resident, Pell Grant-eligible students attending eligible Nebraska postsecondary institutions to help students pay their educational expenses. Since Nebraska State Grants are based on Pell Grant eligibility, a student must demonstrate financial need to receive a state grant.

### **Funding of the Nebraska State Grant Program**

- The majority of the funding for the Nebraska State Grant program comes from the state through the Nebraska Lottery and the state’s general fund, while the remaining funding comes from the federal government through its regular and special Leveraging Educational Assistance Partnership (S/LEAP) authorizations.
- As shown in [Table 1.5.1](#) below, state funding in the amount of \$7,704,305 accounted for 88.2% of the \$8,735,163 awarded through Nebraska state grants in 2003–2004.

- Between 2003–2004 and 2007–2008, state funding increased \$4,214,804 or 54.7%. This amount more than offset the 51.2% decrease of \$528,143 in federal funding so that by 2007–2008, state funding accounted for 96.0% of the \$12,421,824 awarded in state grants.<sup>1</sup>
- In total, the amount of state and federal funding awarded through the state grant program increased 42.2%, from \$8,735,163 in 2003–2004 to \$12,421,824 in 2007–2008.

**Table 1.5.1  
Amounts of Nebraska and Federal Funding  
for the Nebraska State Grant Program  
2003–2004 through 2007–2008**

Academic Year	State Funding	% of Total	Federal Funding	% of Total	Total Funding	% of Total
2003–2004	\$7,704,305	88.2%	\$1,030,858	11.8%	\$8,735,163	100.0%
2004–2005	\$7,749,542	93.0%	\$587,152	7.0%	\$8,336,694	100.0%
2005–2006	\$9,344,247	94.2%	\$573,348	5.8%	\$9,917,595	100.0%
2006–2007	\$9,809,558	94.4%	\$578,665	5.6%	\$10,388,223	100.0%
2007–2008	\$11,919,109	96.0%	\$502,715	4.0%	\$12,421,824	100.0%
\$ Change since 2003–2004	\$4,214,804		-528,143		\$3,686,661	
% Change since 2003–2004	54.7%		-51.2%		42.2%	

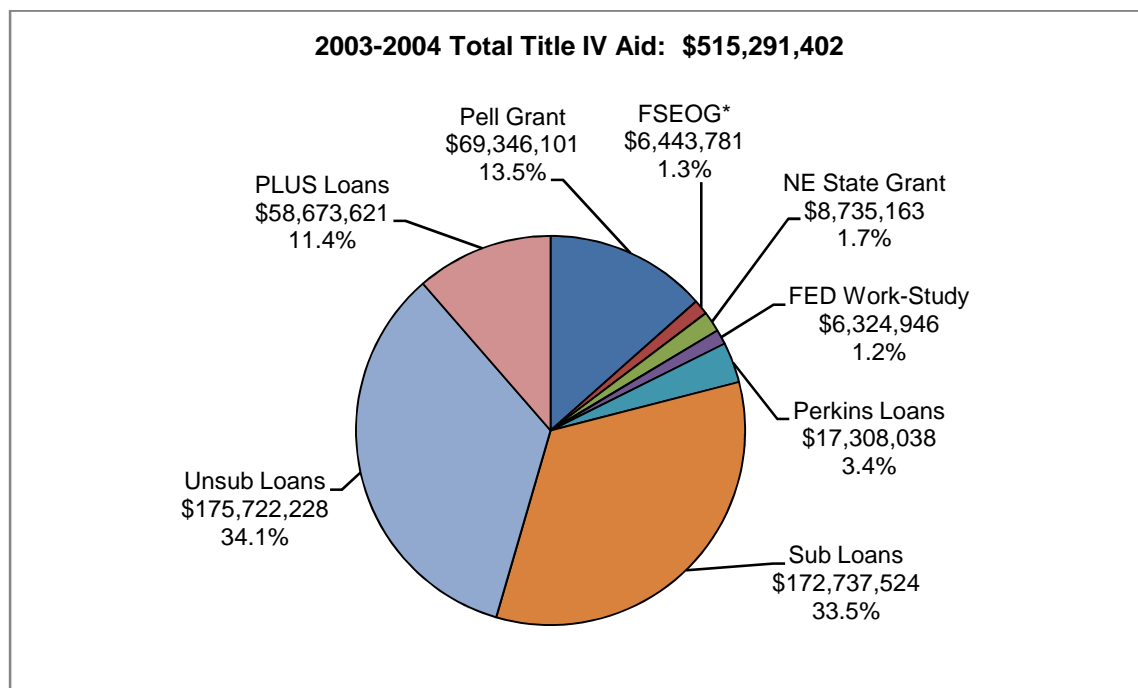
<sup>1</sup>Data Sources: U.S. Department of Education Office of Postsecondary Education, Nebraska DAS Supplements, and Nebraska CCPE, October 2005–2008.

<sup>1</sup> Many states were unable to participate in the federal funding program in the 2003-2004 academic year. Therefore, those that were able to participate, like Nebraska, received extra funding. In the 2004-2005 academic year, many of those state which could not participate in the previous year were able to return to the program which, in turn, reduced the amount of funding to the other participating states.

## The Nebraska State Grant Program as a Percentage of All Title IV Financial Aid

- Between 2003–2004 and 2006–2007, Nebraska State Grants accounted for only a small percentage of all of the total Title IV financial aid awarded through all of the eligible postsecondary institutions in Nebraska.
- As shown in [Figure 1.5.2](#), Nebraska State Grants accounted for 1.7% of the \$515,291,402 in Title IV financial aid that was awarded to students attending Nebraska postsecondary institutions in 2003–2004, including loans that must be repaid.<sup>1</sup>
- Excluding loans, Nebraska State Grants accounted for 9.6% of the \$90,849,991 in Title IV financial aid awarded to Nebraska college students in 2003–2004.
- As mentioned previously, the State of Nebraska funded \$7,704,305 (88.2%) of the \$8,735,163 awarded in state grants, while the remaining \$1,030,858 was federally funded. As a result, the state-funded portion of the Nebraska Grant State program accounted for 8.5% of the Title IV financial aid awarded in 2003–2004, excluding loans.

**Figure 1.5.2**  
**Total Title IV Federal and State Financial Aid**  
**Awarded at All Eligible Nebraska Postsecondary Institutions**  
**2003–2004 Baseline Year<sup>1</sup>**



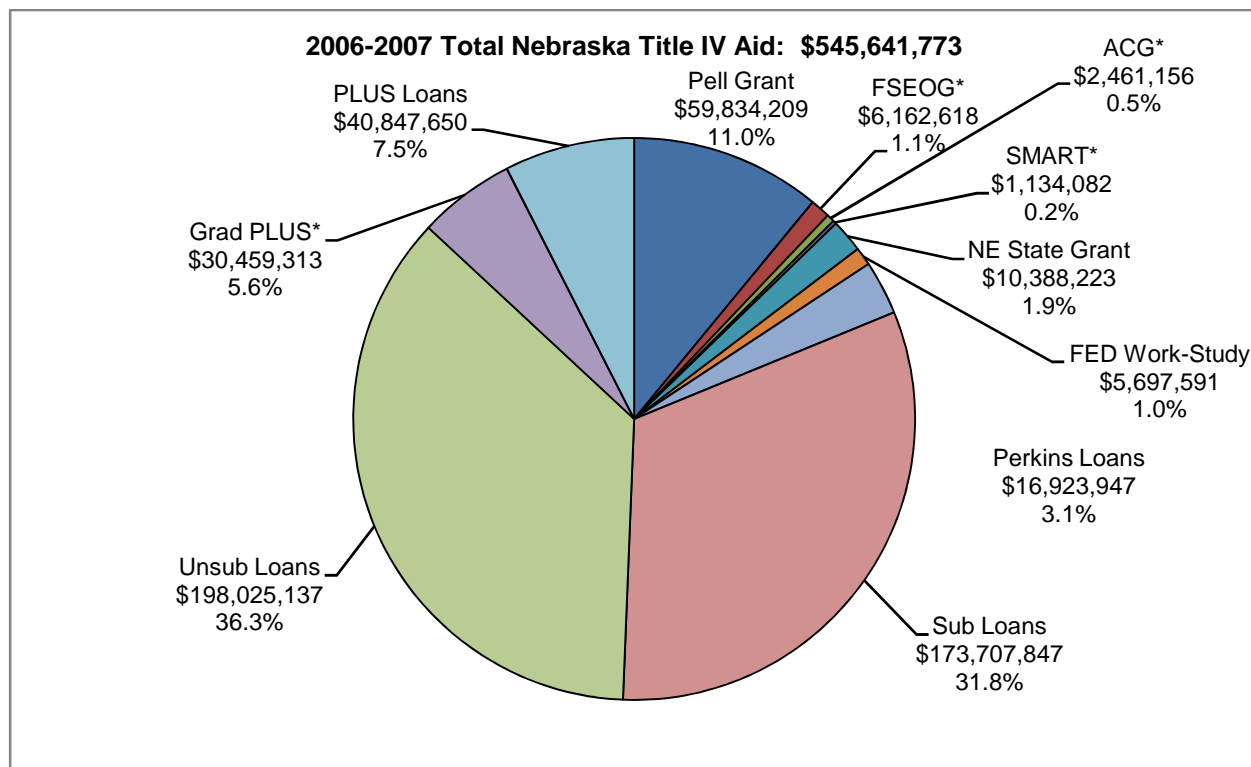
\*FSEOG = Federal Supplemental Educational Opportunity Grant.

<sup>1</sup>Data Sources: U.S. Department of Education Office of Postsecondary Education, Nebraska DAS Supplements, and Nebraska CCPE, October 2005.

<sup>1</sup>The interest on a Perkins Loan or a subsidized Stafford loan is paid by the federal government while the student borrower is in college. Therefore, this interest is comparable to a grant in the sense that it does not have to be repaid. For the sake of clarification, the amounts reported in this section are for the actual amounts borrowed, not including interest.

- Figure 1.5.3 shows Nebraska State Grants as a percentage of the total amount of financial aid awarded to students attending Nebraska colleges and universities in 2006–2007, the latest year for which federal data for all Nebraska institutions are available. (Comparable amounts for 2007–2008 will be reported in this section of the *2010 Nebraska Higher Education Progress Report*.)
- As shown in Figure 1.5.3, Nebraska State Grants totaled \$10,388,223 and accounted for 1.9% of the \$545,641,773 in Title IV financial aid that was awarded in 2006–2007, including loans.
- Excluding loans, Nebraska State Grants accounted for 12.1% of the \$85,677,879 in Title IV financial aid awarded to Nebraska college students in 2006–2007.
- Of the \$10,388,223 awarded in state grants in 2006–2007, \$9,809,558 (94.4%) was state funded, while the remaining \$578,665 was federally funded. As a result, the state-funded portion of the Nebraska Grant State program accounted for 11.4% of the Title IV financial aid awarded in 2006–2007, compared to 8.5% in 2003–2004, excluding loans.

**Figure 1.5.3**  
**Total Title IV Federal and State Financial Aid**  
**Awarded at All Eligible Nebraska Postsecondary Institutions**  
**2006–2007<sup>1</sup>**



\*FSEOG = Federal Supplemental Educational Opportunity Grant; ACG = Academic Competitiveness Grants; SMART = National Science and Mathematics Access to Retain Talent; Grad PLUS = PLUS for Graduate and Professional Degree Students

<sup>1</sup>Data Sources: U.S. Department of Education Office of Postsecondary Education, January 2009, Nebraska DAS Supplements and Nebraska CCPE, October 2007.

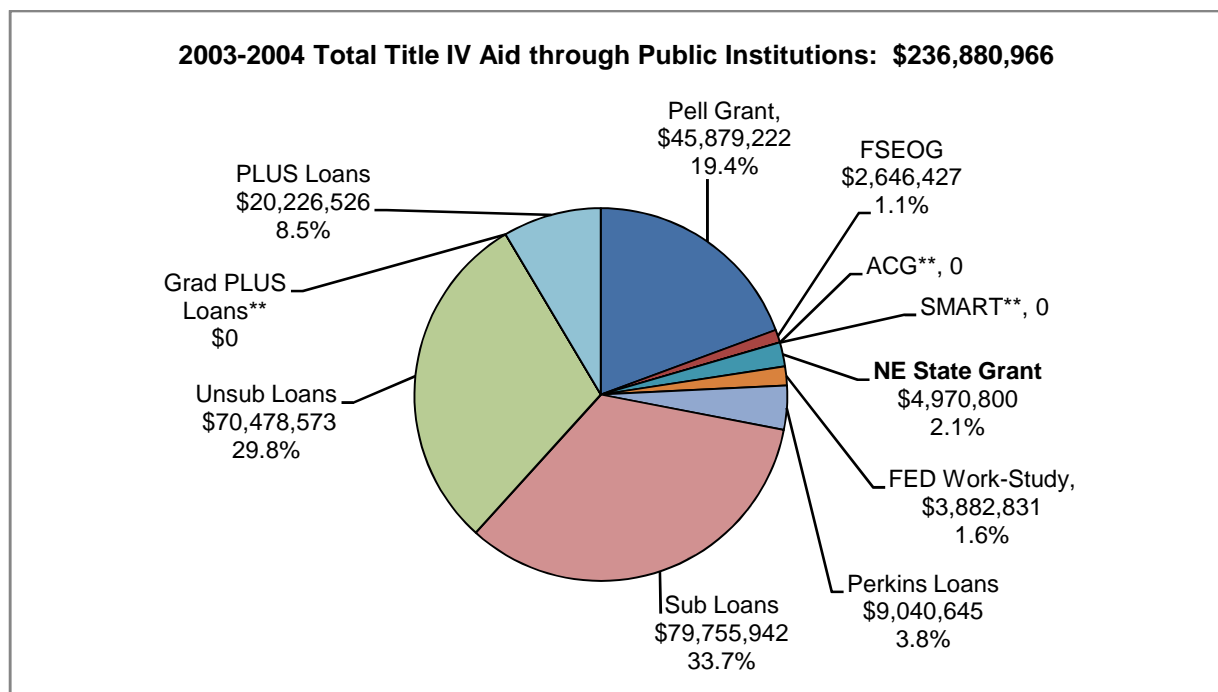
**Note:** The Teacher Education Assistance for College and Higher Education Grant (TEACH) is not included in the above analysis of total Title IV financial aid from 2003–2004 through 2006–2007 because 2008–2009 is the first year this form of aid was awarded. See the Explanatory Note A8.1 in Appendix 8 for further information about this program.

**The Nebraska State Grant Program as a Percentage of Title IV Financial Aid Awarded at Nebraska Public Institutions**

**For 2003–2004 (Baseline Year)**

- Of the \$515,291,402 in financial aid that was awarded to students at all of Nebraska’s eligible postsecondary institutions in 2003–2004, \$236,880,966 (46.0%) was awarded to students attending the state’s public institutions, consisting of the University of Nebraska, the Nebraska State College System, and the Nebraska community colleges.
- As shown in Figure 1.5.4, Nebraska State Grants accounted for 2.1% of the \$236,880,966 in financial aid awarded by Nebraska’s public institutions in 2003–2004.
- Excluding loans, state grants accounted for 8.7% of the \$57,379,280 in Title IV financial aid awarded by public institutions in 2003–2004.
- The State of Nebraska provided \$4,386,690 (88.2 %) of the \$4,970,800 for state grants that were awarded at public institutions, compared to \$584,100 (11.8%) provided by the federal government. Consequently, the state-funded portion of the state grant program accounted for 7.6% of the total Title IV financial aid awarded by Nebraska public institutions in 2003–2004, excluding loans.

**Figure 1.5.4**  
**Total Title IV Federal and State Financial Aid**  
**Awarded at Nebraska Public Postsecondary Institutions**  
**2003–2004<sup>1</sup>**



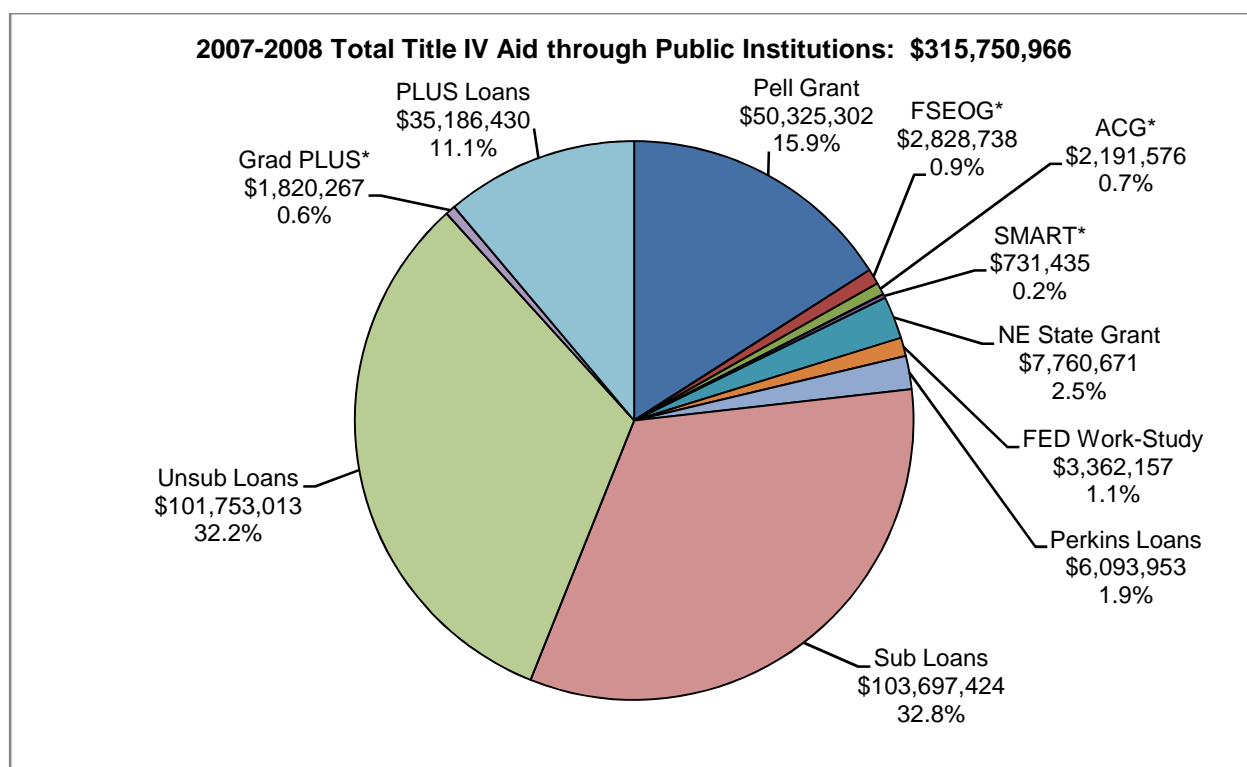
\*FSEOG = Federal Supplemental Educational Opportunity Grant.  
 \*\*Grad PLUS Loans, Academic Competitive Grants (ACG) and National Science and Mathematics Access to Retain Talent (SMART) Grants were first awarded in 2006–2007.

<sup>1</sup>Data Sources: U.S. Department of Education Office of Postsecondary Education, Nebraska DAS Supplements, and Nebraska CCPE, October 2005.

**For 2007–2008**

- The amounts of federal funding for all types of Title IV financial aid that were awarded to students at all of Nebraska’s eligible postsecondary institutions in 2007–2008 are not yet available. However, the amount of aid awarded through each Title IV program to students attending the state’s public institutions in 2007–2008 is available to compare to the amount awarded in 2003–2004.
- A total of \$315,750,966 Title IV financial aid was awarded to students at Nebraska’s public postsecondary institutions in 2007–2008, an increase of \$78,870,000 (33.3%) from the 2003–2004 baseline amount of \$236,880,966.
- As shown in Figure 1.5.5, Nebraska State Grants accounted for 2.5% of the \$315,750,966 awarded to students at public institutions in 2007–2008, including loans. This amount is up only four-tenths of one percent since 2003–2004, when state grants accounted for 2.1% of the total Title IV financial aid awarded.
- Excluding loans, a total of \$67,199,879 in Title IV financial aid was awarded to students attending public institutions in 2007–2008, an increase of 17.1% from the \$57,379,280 awarded in 2003–2004.

**Figure 1.5.5**  
**Total Title IV Federal and State Financial Aid**  
**Awarded at Nebraska Public Postsecondary Institutions**  
**2007–2008<sup>1</sup>**



\*FSEOG = Federal Supplemental Educational Opportunity Grant; ACG = Academic Competitiveness Grants; SMART = National Science and Mathematics Access to Retain Talent; Grad PLUS = PLUS for Graduate and Professional Degree Students

<sup>1</sup>Data Sources: U.S. Department of Education Office of Postsecondary Education, January 2009, Nebraska DAS Supplements and Nebraska CCPE, October 2008.

- Of the \$67,199,879 awarded through grants or the work-study program in 2007–2008, 11.5% was awarded through the Nebraska State Grant program, compared to 8.7% in 2003–2004, as shown in Table 1.5.2.
- State funds accounted for \$7,397,878 (95.3%) of the \$7,760,671 awarded in state grants to students enrolled at public institutions in 2007–2008, while federal funds accounted for the remaining \$362,793 (4.7%).
- Total federal funding of grants and work study increased by 12.8%, or by \$6,809,411, from \$52,992,590 in 2003–2004 to \$59,802,001 in 2007–2008.
- However, between 2003–2004 and 2007–2008, state funding of state grants increased by \$3,011,188 or by 68.6%, from \$4,386,690 to \$7,397,878. As a result, the state funded portion of the Nebraska State Grant program increased from 7.6% of the total Title IV financial aid, excluding loans, awarded through Nebraska public institutions in 2003–2004 to 11.0% in 2007–2008, as shown in Table 1.5.2.

**Table 1.5.2**  
**Need-Based Title IV Federal and State Financial Aid**  
**Awarded at Nebraska Public Postsecondary Institutions**  
**Excluding Loans: 2007–2008 Compared to 2003–2004 Baseline<sup>1</sup>**

Need-Based Title IV Financial Aid	2003–2004		2007–2008		% Change
	Amount Awarded	% of Total	Amount Awarded	% of Total	
<b>Nebraska State Grant</b>					
<b>State-Funded</b>	<b>\$4,386,690</b>	<b>7.6%</b>	<b>\$7,397,878</b>	<b>11.0%</b>	<b>68.6%</b>
Federal-Funded	\$584,110	1.0%	\$362,793	0.5%	-37.9%
Total NE State Grant	\$4,970,800	8.7%	\$7,760,671	11.5%	56.1%
Pell Grant	\$45,879,222	80.0%	\$50,325,302	74.9%	9.7%
FSEOG*	\$2,646,427	4.6%	\$2,828,738	4.2%	6.9%
ACG**	Not awarded		\$2,191,576	3.3%	NA
SMART**	Not awarded		\$731,435	1.1%	NA
Federal Work Study	\$3,882,831	6.8%	\$3,362,157	5.0%	-13.4%
<b>Total Title IV Aid Excluding Loans</b>	<b>\$57,379,280</b>	<b>100.0%</b>	<b>\$67,199,879</b>	<b>100.0%</b>	<b>17.1%</b>

\*FSEOG = Federal Supplemental Educational Opportunity Grant; ACG = Academic Competitive Grants; SMART = National Science and Mathematics Access to Retain Talent Grants

\*\*Academic Competitive Grants (ACG) and National Science and Mathematics Access to Retain Talent (SMART) Grants were first awarded in 2006–2007.

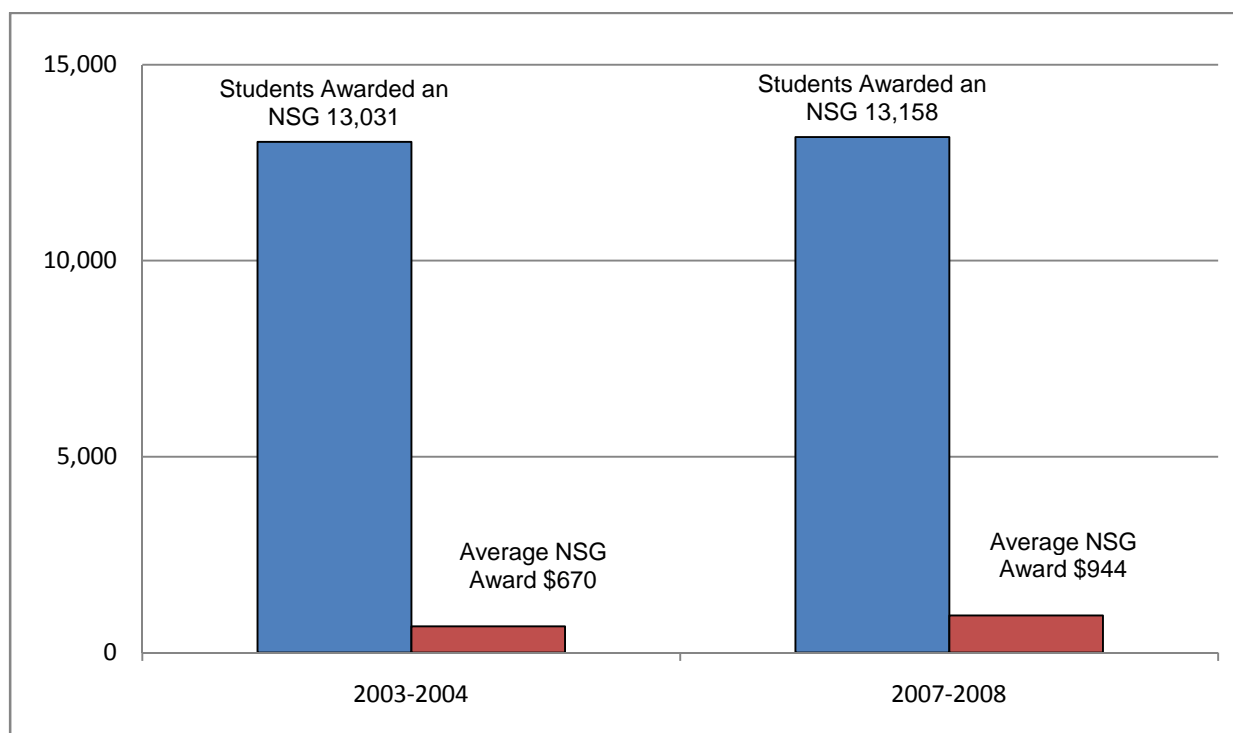
<sup>1</sup>Data Sources: U.S. Department of Education Office of Postsecondary Education, January 2009, Nebraska DAS Supplements and Nebraska CCPE, October 2008.

## **Number and Average Amount of Nebraska State Grants Awarded**

- The total amount of Nebraska State Grants awarded to Nebraskans attending all eligible postsecondary institutions in Nebraska increased by 18.9%, from \$8,735,163 in 2003–2004 to \$12,421,824 in 2007–2008.
- In 2007–2008, the average awarded grant was \$274 higher than in 2003–2004, as illustrated in [Figure 1.5.6](#).<sup>1</sup>
- Of the 28,222 Nebraska-resident, Pell Grant-eligible students who attended postsecondary institutions in Nebraska in 2003–2004, 46.2% received state grants. In 2007–2008, 46.9% of the 28,071 eligible students received Nebraska State Grants.
- See [Table A8.1](#) and [Table A8.2](#) in [Appendix 8](#) for supporting data and for additional information about the numbers and amounts of Nebraska State Grants awarded by sector.

**Figure 1.5.6**

### **Total Numbers of Students Who Received Nebraska State Grants (NSGs) and the Average Grant Awarded: 2007–2008 Compared to 2003–2004 Baseline<sup>1</sup>**



<sup>1</sup>Data Source: Nebraska State Grant Expenditure Reports, September 2004 and September 2008.

<sup>1</sup>In 2003–2004, the maximum award a student could receive was 25% of the tuition and mandatory fees charged to a full-time, Nebraska-resident undergraduate student attending the University of Nebraska-Lincoln (UNL), resulting in a maximum award of \$1,032. Since 2004, the Legislature has changed the maximum award to 50% of the tuition and mandatory fees charged by UNL to a full-time, Nebraska-resident undergraduate student. The maximum award for 2007–2008 was \$2,934. The maximum award reverted to the 25% level, effective with the 2008–2009 academic year.

## **Other Need-Based Financial Aid Programs**

Although Title IV-related programs are the primary source of need-based financial aid, other institution-based programs are available to assist students. Programs available through the state's public institutions are funded by the institutions and private sources. In addition, state funding is provided through need-based tuition waivers offered by the Nebraska state colleges and the institutions constituting the University of Nebraska.

- The total amount of need-based financial aid, not including Title IV aid, provided to students by Nebraska's public institutions increased 44.5% between 2003–2004 and 2007–2008, and the amount of aid varied by sector, as shown in Table 1.5.3.
- The amount of funding provided by the University of Nebraska increased 44.5%, while the amount of need-based aid available from the community colleges increased 47.4% and the amount of aid awarded by the Nebraska State College System increased 35.4% between 2003–2004 and 2007–2008.

<b>Table 1.5.3 Amount of Other Need-Based Financial Aid Awarded by <u>Public</u> Nebraska Postsecondary Institutions by Sector 2007–2008 Compared to 2003–2004 Baseline<sup>1</sup></b>					
Sector	2003–2004		2007–2008		% Change
	\$ Amount	%	\$ Amount	%	
University of Nebraska	\$9,843,307	78.7%	\$14,220,115	78.6%	44.5%
Nebraska State College System	567,739	4.5%	\$768,500	4.2%	35.4%
Nebraska Community Colleges	\$2,102,256	16.8%	\$3,097,743	17.1%	47.4%
Total Other Need-Based Financial Aid	\$12,513,302	100.0%	\$18,086,358	100.0%	44.5%

<sup>1</sup>Data Source: Nebraska DAS Supplements, October 2005 and October 2008.

## **The Total Amount of Need-Based Aid Provided Through Nebraska Public Institutions**

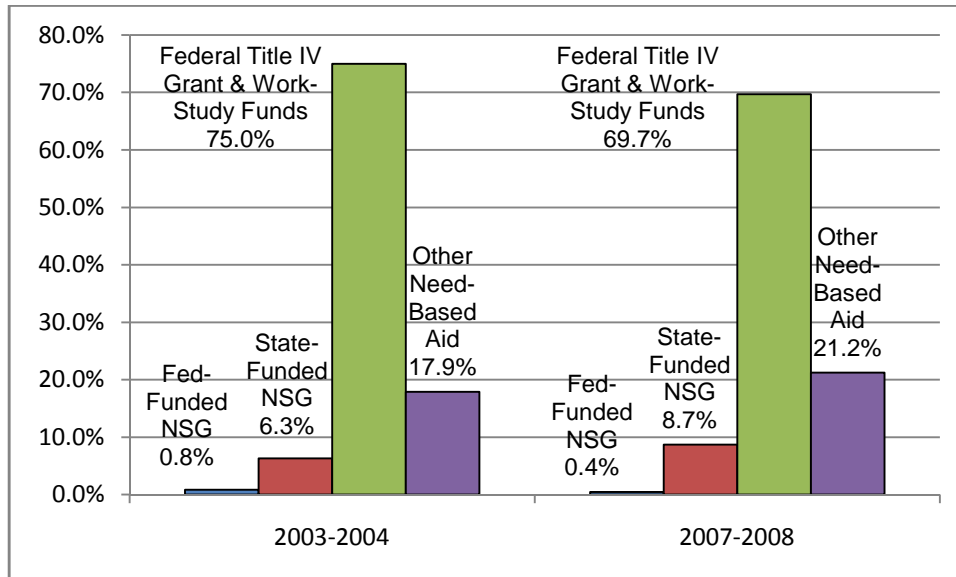
- The total amount of need-based financial aid provided to students attending Nebraska's public institutions, including Title IV programs and other need-based aid, but excluding loans, increased 22.0%, from \$69,892,582 in 2003–2004 to \$85,286,237 in 2007–2008, as shown in Table 1.5.4 on the next page.
- As also shown in Table 1.5.4 and illustrated in Figure 1.5.7, the state-funded portion of the Nebraska State Grant program accounted for 6.3% of all of the need-based aid awarded by Nebraska public institutions in 2003–2004, excluding loans.
- As the result of a 68.6% increase in state funding and decreases in federal funding for state grants and federal work-study programs that were not offset by the 44.5% increase in institution-based programs, the state-funded portion of the Nebraska State Grant program increased to 8.7% of all of the need-based aid awarded by Nebraska public colleges and universities in 2007–2008.

**Table 1.5.4**  
**Total Need-Based Financial Aid**  
**Awarded by Public Nebraska Postsecondary Institutions,**  
**Excluding Loans: 2007–2008 Compared to 2003–2004 Baseline<sup>1</sup>**

Sector	2003–2004		2007–2008		% Change
	\$ Amount	%	\$ Amount	%	
<b>Nebraska State Grants</b>					
<b>State-Funded</b>	<b>\$4,386,690</b>	<b>6.3%</b>	<b>\$7,397,878</b>	<b>8.7%</b>	<b>68.6%</b>
Federal-Funded	\$584,110	0.8%	\$362,793	0.4%	<b>-37.9%</b>
Federal Title IV Grants & Work-Study Funds	\$52,408,480	75.0%	\$59,439,208	69.7%	<b>13.4%</b>
Other Need-Based Aid	\$12,513,302	17.9%	\$18,086,358	21.2%	<b>44.5%</b>
<b>Total Need-Based Aid Excluding Loans</b>	<b>\$69,892,582</b>	<b>100.0%</b>	<b>\$85,286,237</b>	<b>100.0%</b>	<b>22.0%</b>

<sup>1</sup>Data Source: Nebraska DAS Supplements, October 2005 and October 2008.

**Figure 1.5.7**  
**Total Need-Based Financial Aid**  
**Awarded by Public Nebraska Postsecondary Institutions,**  
**Excluding Loans: 2007–2008 Compared to 2003–2004 Baseline<sup>1</sup>**



<sup>1</sup>Data Source: Nebraska DAS Supplements, October 2005 and October 2008.

## **Access College Early (ACE) Scholarship Program**

As mentioned in the introduction of this section, the State of Nebraska funds the Access College Early (ACE) Scholarship Program, which was started in fall 2007. ACE scholarships are awarded to eligible low-income Nebraska high school students who take courses for credit from postsecondary institutions while the students are in high school.

In 2007–2008, 363 Nebraska high school students from 110 high schools received \$114,856 in scholarships to take courses at 11 Nebraska colleges and universities. A total of 171 additional eligible applicants were unable to be awarded due to insufficient funds. For the 2008–2009 academic year, the Commission received a federal grant of \$330,000—of which \$100,000 was allocated to the ACE program. This allowed total funding for the year to be \$215,000—of which \$214,841 has been awarded to 758 students from 147 high schools. The \$100,000 federal grant will be available again for the 2009-2010 academic year. After that point this program will rely entirely on state funding. The Commission is requesting additional funds in order to assist additional students in future years.

The Coordinating Commission is conducting research in 2009 to determine how many of the scholarship recipients in 2007–2008 continued on to college, compared to other low-income Nebraska high school students and the high school population in general. This study is being conducted with the assistance of the Nebraska Department of Education and the services of the National Student Clearinghouse. A full report of this research will be available to legislators and other interested parties when the study is completed. Research from other states indicates that, even after adjusting for students' socioeconomic status, students who take college courses while in high school: 1) stay in high school, 2) graduate from high school, 3) attend college and 4) return for their college sophomore year at rates higher than students who do not take such courses.