



Iowa College Aid: State Update

IASFAA: Fall 2021

State Financial Aid Updates

- All Iowa Opportunity Scholarship
 - Waiver of Receipt Process
- Future Ready Iowa Grant
 - Being phased out: recipients grandfathered
- Health Professional Recruitment Program
 - Loan repayment now available to graduates of athletic training, occupational therapist, physician, physician assistant, podiatrist, and physical therapist programs at Iowa colleges/universities
 - Work in rural Iowa for 4 consecutive years
- Iowa College Aid Processing System (ICAPS)
 - Ability to add additional contacts to system notifications (general, payment notices, NGSS notices)
 - Two factor authentication - more details to come
 - Primary user functionality - more details to come

State-Funded Financial Aid Program Appropriations

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
<u>State Program</u>	<u>Appropriation</u>	<u>Appropriation</u>	<u>Appropriation</u>	<u>Appropriation</u>	<u>Appropriation</u>
All Iowa Opportunity Scholarship Program	\$ 2,840,854	\$ 2,840,854	\$ 3,000,000	\$ 3,000,000	\$ 3,100,000
Iowa National Guard Service Scholarship	\$ 3,100,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000	\$ 4,700,000
Iowa Teacher Shortage Loan Forgiveness Program	\$ 105,828	\$ 105,828	\$ -	\$ -	\$ -
Iowa Tuition Grant Program -- For-Profit Institutions	\$ 1,500,000	\$ 376,220	\$ 426,220	\$ 426,220	\$ 456,220
Iowa Tuition Grant Program -- Not-for-Profit Institutions	\$ 46,630,951	\$ 46,630,951	\$ 47,703,463	\$ 47,703,463	\$ 48,896,050
Iowa Vocational-Technical Tuition Grant Program	\$ 1,750,185	\$ 1,750,185	\$ 1,750,185	\$ 1,750,185	\$ 1,750,185
Health Care Professional Recruitment Program	\$ 400,973	\$ 400,973	\$ 400,973	\$ 400,973	\$ 500,973
Health Care Loan Repayment Program	\$ -	\$ 200,000	\$ 250,000	\$ 250,000	\$ 250,000
Registered Nurse and Nurse Education Loan Forgiveness Program	\$ 200,000				
Skilled Workforce Shortage Grant	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Rural Veterinarian Loan Repayment Program	\$ -	\$ -	\$ -	\$ 300,000	\$ 400,000
Rural Iowa Primary Care Loan Repayment Program	\$ 1,124,502	\$ 1,124,502	\$ 1,424,502	\$ 1,424,502	\$ 1,724,502
Teach Iowa Scholar	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Future Ready Iowa Last-Dollar Scholarship	\$ -	\$ -	\$ 13,004,744	\$ 13,004,744	\$ 23,004,744
Future Ready Iowa Grant	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Administration	\$ 429,279	\$ 429,279	\$ 559,533	\$ 691,533	\$ 591,533
Total Iowa College Student Aid Commission State Funding	\$ 63,482,572	\$ 63,958,792	\$ 79,619,620	\$ 80,051,620	\$ 90,774,207

Consolidated Appropriations Act

Policy Considerations:

- Removal of ineligibility due to:
 - Drug conviction - state aid eligibility aligns with change
 - Not Registered with Selective Service - state aid eligibility aligns with change
- Incarcerated students
 - More to come...
- Pell Grant proration by credit hour (instead of enrollment status: PT, HT, LTHT)
- Negative SAI and state need-based grant award amounts

EFC to SAI - Presentation Outline

- Technical changes to the formula
- Differences between EFCs to SAIs & Pell grant amounts
- Next steps

Technical changes to the formula

First, some notes

- Work being lead by Dr. Meghan Oster - meghan.oster@iowa.gov
- Analysis is based our interpretation of bill language.
 - Focusing on dependent students for this presentation
- We assume that student's available income cannot go negative (more later)
 - Working with the federal government on this
- These estimates use 2019-2020 FAFSAs because that is the year that we had full award data for when we started this project
- We welcome feedback, thoughts, concerns, etc.,
 - This is a work in progress
 - We are willing to share anything that we have presented, code, materials, etc.,

Technical changes to the formula: Dependent Students

- Auto -\$1,500 SAI = Non-tax filer
 - Maximum pell
 - Other aid determined by SAI
 - No asset questions
- Auto \$0 SAI = Child of 9/11 OR Single-parent household w/ AGI <225% of poverty OR Married parent household w/ AGI <175% of poverty
 - Maximum pell
 - Other aid determined by SAI
 - No asset questions
- No asset questions
 - AGI <\$60K and no schedules OR
 - AGI <\$60K and only schedule C filed with gain/loss <\$10K OR
 - MTB recipient (although we are missing some (e.g., HUD))

Technical changes to the formula: Parents of Dependent

Line	EFC	SAI
NA	The EFC accommodates non-tax filers by using earned income.	SAIs are only calculated for tax filers. Non-tax filers receive an auto -\$1,500 SAI and maximum pell
1	Parents' adjusted gross income If negative, enter zero	Parents' adjusted gross income If negative, enter zero
2	Total parents' income earned from work	Total parents' income earned from work
3	Taxable income (tax filers - line 1, non-tax filers - line 2)	Taxable income (line 1)

Technical changes to the formula: Parents of Dependent

Line	EFC	SAI
4	Total untaxed income and benefits (Pension, IRA payments & distributions, child support, interest income, military and veteran benefits, other untaxed income)	Total untaxed income and benefits (Pension , IRA payments & distributions, Child support , interest income, military and veteran benefits , other untaxed income)
5	Taxable and nontaxable income (sum of line 3 and line 4)	Taxable and nontaxable income (sum of line 3 and line 4)
6	Total additional financial information (Education credits, child support paid, need-based employment programs, parents' taxable college grants and scholarships, taxable combat pay, cooperative education program earnings)	Total additional financial information (Education credits, child support paid , need-based employment programs , parents' taxable college grants and scholarships, taxable combat pay , cooperative education program earnings)
7	TOTAL INCOME (line 5 minus line 6) May be a negative number	TOTAL INCOME (line 5 minus line 6) May be a negative number

Technical changes to the formula: Parents of Dependent

Line	EFC	SAI
8	U.S. income tax paid (tax filers only) If negative, enter zero	U.S. income tax paid If negative, enter zero
9	State and other tax allowance (Associated table for that includes a percentage for each state) If negative, enter zero	State and other tax allowance (Associated table for that includes a percentage for each state) If negative, enter zero
10	Parent 1 Social Security Tax allowance (Associated table indicates percentage depending on earned income from work)	Allowances for payroll taxes (we assume the same social security tax allowance as the EFC calculated on combined income)
11	Parent 2 Social Security Tax allowance (Associated table indicates percentage depending on earned income from work)	

Technical changes to the formula: Parents of Dependent

Line	EFC	SAI
12	Income protection allowance (Associated table considers number in parents' household including student & number of college students in the household)	Income protection allowance (Associated table considers number in parents' household including student & number of college students in the household)
13	Employment expense allowance 2 working parents = lesser amount of 35% or \$4,000 1 parent family = lesser amount of 35% or \$4,000 2 parent family but only 1 working = 0	Employment expense allowance 2 working parents = lesser amount of 35% or \$4,000 1 parent family = lesser amount of 35% or \$4,000 2 parent family but only 1 working = 0
14	Total allowances (sum of lines 8, 9, 10, 11, 12, and 13)	Total allowances (sum of lines 8, 9 , 10/11, 12, and 13)
15	Available income (sum of total income [line 7] and total allowances [line 14]) May be a negative number	Available income (sum of total income [line 7] and total allowances [line 14]) May be a negative number

Technical changes to the formula: Parents of Dependent

Line	EFC	SAI
16	Cash, savings, checking	Cash, savings, checking, child support received
17	Net worth of investments If negative, enter zero	Net worth of investments If negative, enter zero
18	Net worth of business and/or investment farm If negative, enter zero	Net worth of business and/or investment farm If negative, enter zero

Technical changes to the formula: Parents of Dependent

Line	EFC	SAI
19	Adjusted net worth to business/farm (Associated table)	Adjusted net worth to business/farm (Associated table)
20	Net worth (Sum of lines 16, 17, and 19)	Net worth (Sum of lines 16, 17, and 19)
21	Education savings and asset protection allowance (Associated table considers age of older parent and number of parents)	Education savings and asset protection allowance (Associated table considers age of older parent and number of parents)
22	Discretionary net worth (line 20 minus line 21)	Discretionary net worth (line 20 minus line 21)
23	Asset conversion rate (12%)	Asset conversion rate (12%)
24	Contribution from assets If negative, enter zero	Contribution from assets If negative, enter zero

Technical changes to the formula: Parents of Dependent

Line	EFC	SAI
25	Adjusted available income (AAI) (Available income + contribution from assets) May be a negative number	Adjusted available income (AAI) (Available income + contribution from assets) May be a negative number
26	Total parents' contribution from (AAI) (Associated table takes in ranges of AAI and then converts it to a contribution) If negative, enter zero	Total parents' contribution from (AAI) (Associated table takes in ranges of AAI and then converts it to a contribution) If negative, enter zero
27	Number in college (Exclude parents)	Number in college (Exclude parents)
28	Parents' contribution (line 26 divided by line 27) If negative, enter zero	Parents' contribution (same as line 26) (line 26 divided by line 27) If negative, enter zero

Technical changes to the formula: Dependent Student

Line	EFC	SAI
29	Adjusted gross income If negative, enter zero	Adjusted gross income If negative, enter zero
30	Income earned from work	Income earned from work
31	Taxable income (If tax filer, enter the amount from line 29. If non-tax filer, enter amount from line 30)	Taxable income (If tax filer, enter the amount from line 29. If non-tax filer, enter amount from line 30)

Technical changes to the formula: Dependent Student

Line	EFC	SAI
32	Total untaxed income and benefits (Pension, IRA payments & distributions, child support, interest income, military and veteran benefits, other untaxed income, money received)	Total untaxed income and benefits (Pension , IRA payments & distributions, child support , interest income, military and veteran benefits , other untaxed income, money received)
33	Taxable and untaxed income (sum of line 31 and line 32)	Taxable and untaxed income (sum of line 31 and line 32)
34	Total additional financial information (Education credits, child support paid, need-based employment programs, parents' taxable college grants and scholarships, taxable combat pay, cooperative education program earnings)	Total additional financial information (Education credits, child support paid , need-based employment programs , parents' taxable college grants and scholarships, taxable combat pay , cooperative education program earnings)
35	Total income (line 33 minus line 34) May be a negative number	Total income (line 33 minus line 34) May be a negative number

Technical changes to the formula: Dependent Student

Line	EFC	SAI
36	U.S. income tax paid (tax filers only) If negative, enter zero	U.S. income tax paid If negative, enter zero
37	State and other tax allowance (Associated table) If negative, enter zero	State and other tax allowance (Associated table for that includes a percentage for each state) If negative, enter zero
38	Social Security Tax allowance (Associated table indicates percentage depending on earned income from work)	Allowances for payroll taxes (we assume the same social security tax allowance as the EFC calculated on combined income)

Technical changes to the formula: Dependent Student

Line	EFC	SAI
39	Income protection allowance (specific amount)	Income protection allowance (specific amount \$9,410)
40	Allowance for parents' negative adjusted available income	Allowance for parents' negative adjusted available income
41	Total Allowances (sum of lines 36, 37, 38, 39, and 40)	Total Allowances (sum of lines 36, 37 , 38, 39, and 40)
42	Available income (AI) (Total income minus total allowances)	Available income (AI) (Total income minus total allowances)
43	Assessment of AI (50%)	Assessment of AI (50%)
44	Student's contribution from AI If negative, enter zero	Student's contribution from AI If negative, enter zero If negative, enter zero

Quick Aside: Negative Student's Contribution from AI

- In the original bill language, student's contribution from AI is allowed to go negative
- We believe that this is a mistake because all students get an income protection allowance of \$9,410
- If a student does not work at all, they automatically receive a decrease in their SAI of \$4,705 (50% of the amount from the allowance section)
- This typically benefits high-income families who do not have their children work relative to low-income families whose children work
- Our estimates assume that it is a mistake
- We have notified the federal government, NASFAA, and others with a letter
- Thanks to our colleagues at Illinois Student Assistance Commission for working with us on this

Technical changes to the formula: Dependent Student

Line	EFC	SAI
45	Cash, savings, and checking	Cash, savings, checking, child support received
46	Net worth of investments If negative, enter zero	Net worth of investments If negative, enter zero
47	Net worth of business and/or investment farm If negative, enter zero	Net worth of business and/or investment farm If negative, enter zero
48	Net worth (sum of lines 45, 46, and 47)	Net worth (sum of lines 45, 46, and 47)
49	Assessment rate (20%)	Assessment rate (20%)
50	Student's contribution from assets (line 48 times line 49)	Student's contribution from assets (line 48 times line 49)

Technical changes to the formula: Dependent Student

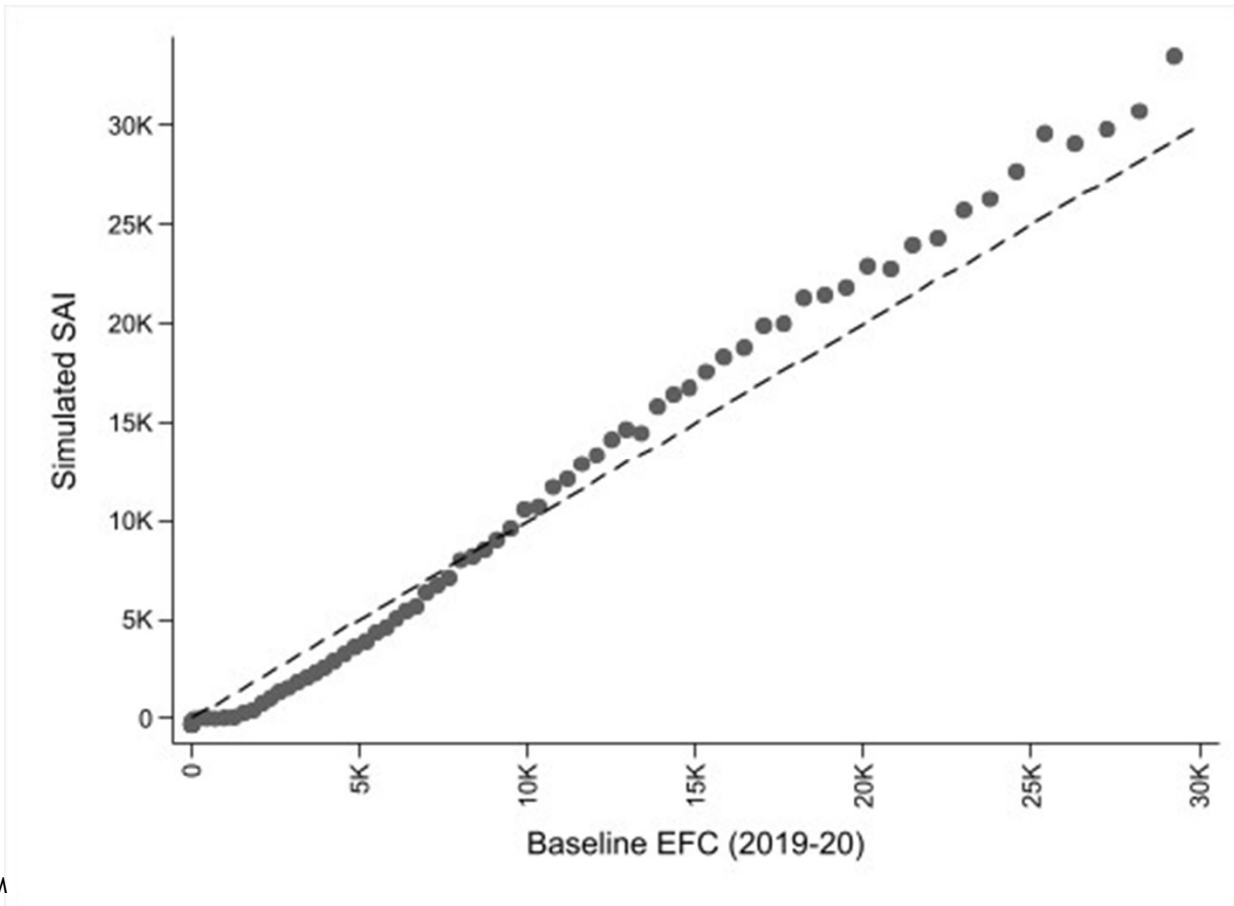
Line	EFC	SAI
	Parents' contribution (from line 28)	Parents' contribution (from line 28)
	Student's contribution from AI (from line 44)	Student's contribution from AI (from line 44)
	Student's contribution from assets (from line 50)	Student's contribution from assets (from line 50)
51	Expected Family Contribution (sum of parent's contribution, student's contribution from AI and student's contribution from assets) If negative, enter zero	Student Aid Index (sum of parent's contribution, student's contribution from AI and student's contribution from assets) If negative, enter zero

Difference between EFCs to SAIs & Pell Grant amounts

Distribution Shift in EFC to SAI : Dependent Student

Descriptive Statistics	EFC	SAI
Average	\$21,088	\$22,121
Median	\$10,553	\$9,385
Average difference between EFC and SAI	\$1,033	
Same EFC and SAI	12%	
SAI within \$10 of the EFC	12%	
SAI within \$100 of the EFC	14%	
SAI within \$500 of the EFC	19%	
SAI increases over \$500	23%	
SAI decreases over \$500	57%	

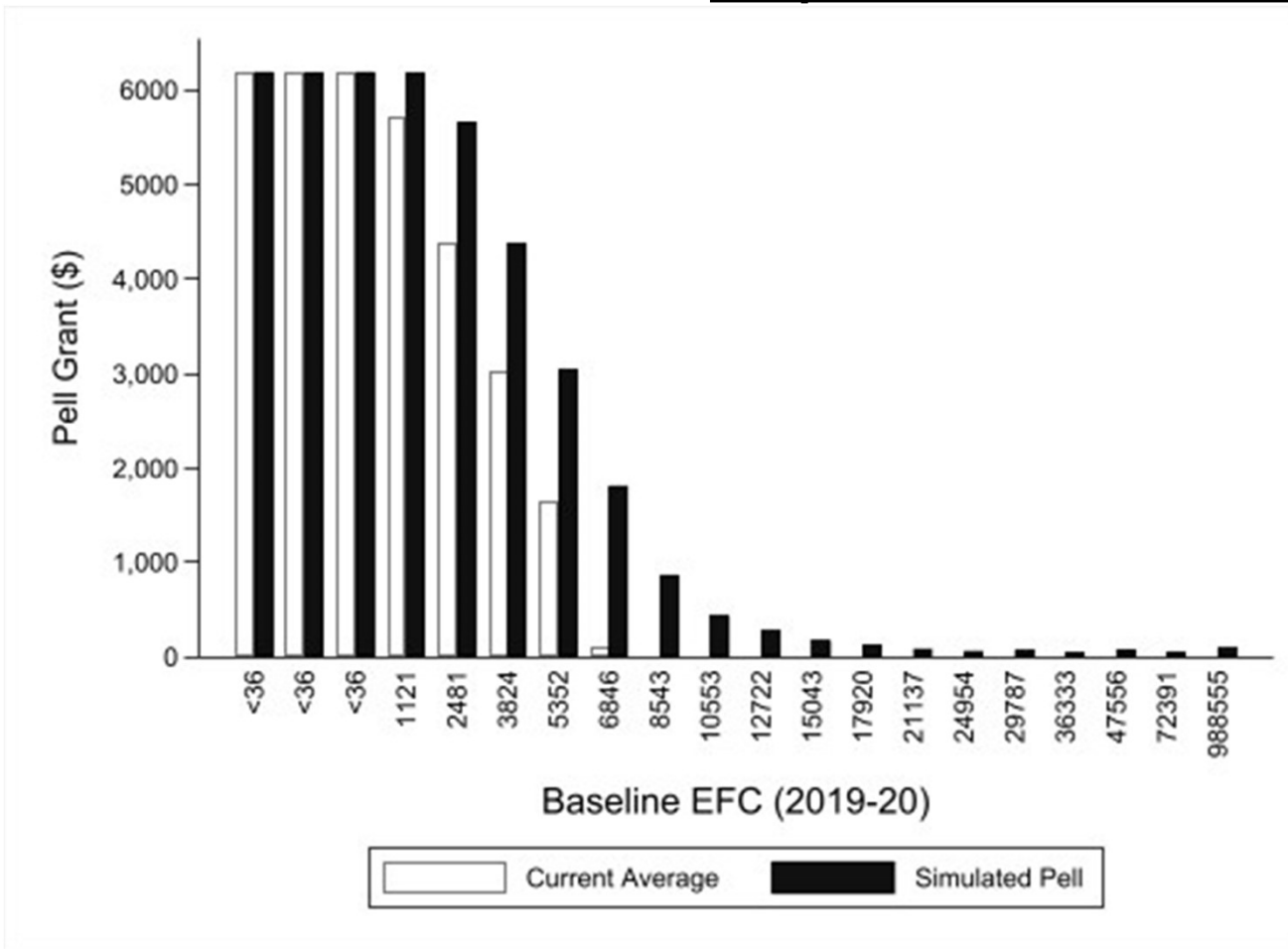
Distribution Shift in EFC to SAI : Dependent Student



Distribution Shift in EFC to SAI : Dependent Student

Descriptive Statistics	Pell under EFC	Pell under SAI
Percent pell eligible	36%	43%
Average of Pell-eligible students	\$4,687	\$4,840
Median of Pell-eligible students	\$5,645	\$6,195 (max pell)
Average difference between Pell estimates	\$430	
Pell difference within \$100	72%	
Pell difference within \$500	75%	
Pell increase over \$500	23%	
Pell decrease over \$500	2%	
No change in pell estimate	70%	

Distribution Shift in EFC to SAI : Dependent Student



Next Steps

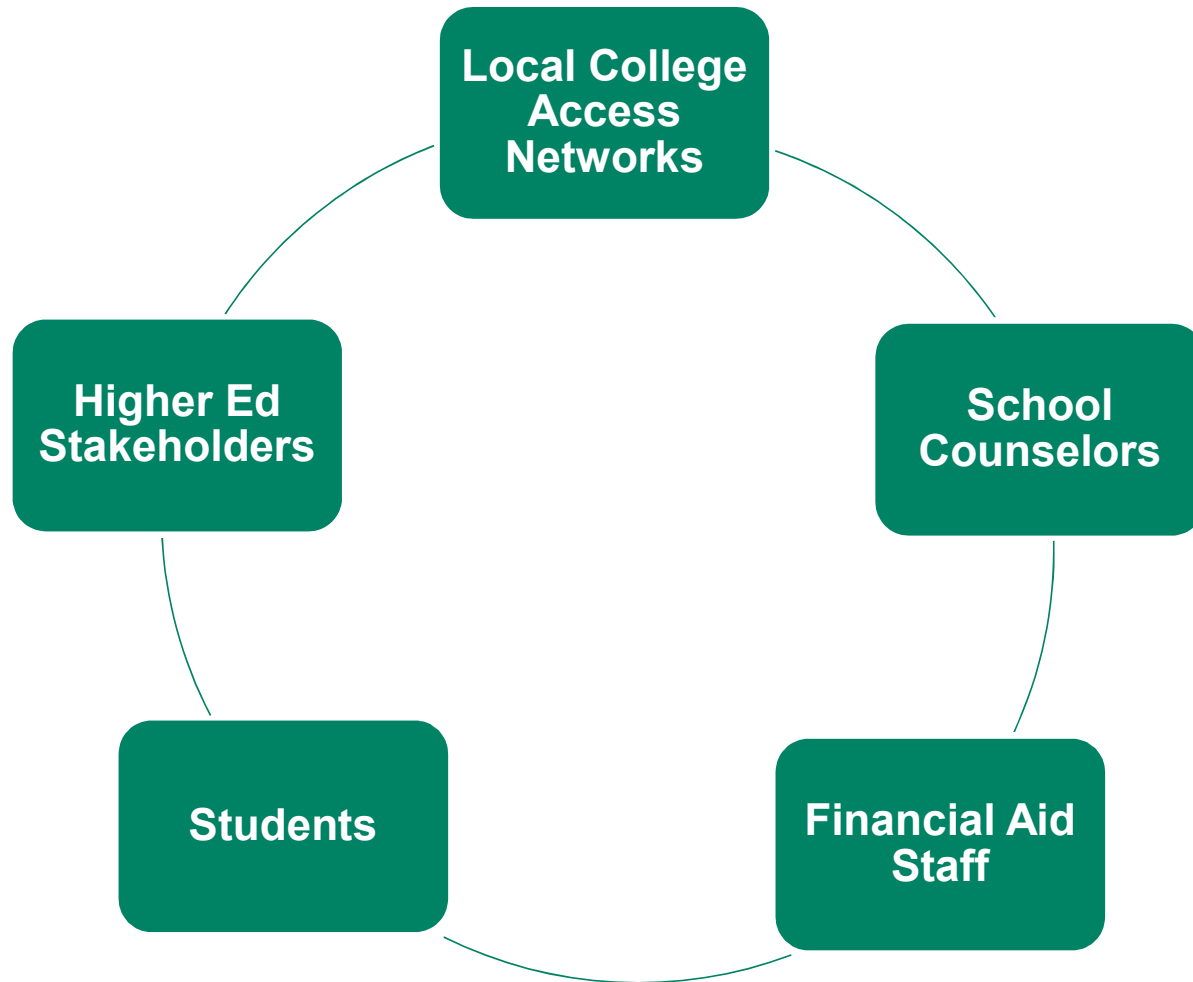
Next Steps

- “Finalize” our formula (would love feedback, thoughts)
 - Do this same analysis for independents
- Provide code, documentation, etc., to organizations on request
- Clarify with Federal Government about negative student available income
- Continue to watch for updates from the Federal Government
- Match up these SAI estimates with our Grants and Scholarship data at ICA to understand distributional changes in our financial aid
- Work with institutions within Iowa to understand how these changes will affect their institutional aid

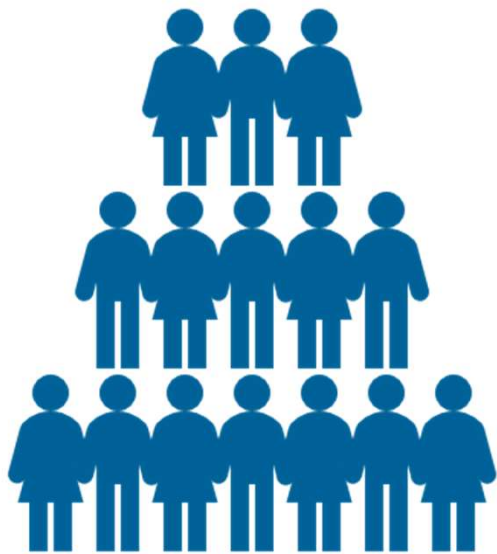


The Future of FAFSA Filing in Iowa: Findings and Policy Considerations

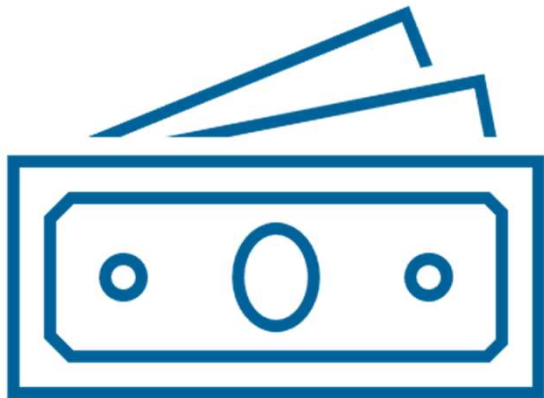
Audience



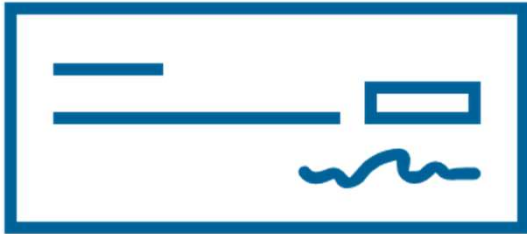
POLICY CONSIDERATIONS



Hire more
counselors to
decrease the
student-to-counselor
ratio to the
recommended 250:1



Support FAFSA completion state-wide by providing more state funding to FAFSA initiatives and efforts



Consider creating grants that provide funding to high schools that set ambitious FAFSA completion goals



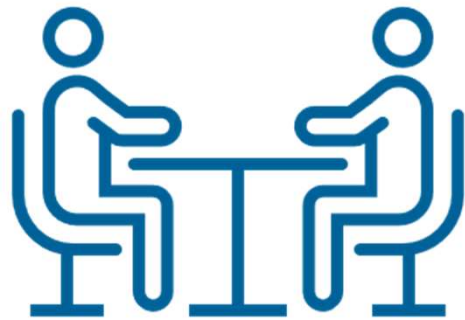
Embed FAFSA
planning in the financial
literacy courses,
Individual Career and
Academic Plans
(ICAPS) or district
plans



Develop a state-wide marketing campaign directed at parents to dispel myths about FAFSA completion



Enlist experts from
postsecondary
education institutions
to assist with FAFSA
completion within the
high schools



Leverage
partnerships with
nonprofit
organizations that
advocate for college
and career readiness



Create a state-wide, cross-organizational FAFSA working group that regularly monitors FAFSA completion rates and equity gaps, advertises state-wide and local FAFSA completion initiatives, and communicates FAFSA best practices

Questions?