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2008-09 Financial Aid Report

April 2010

Prepared by the Office of Academic and Student Affairs

Nevada System of Higher Education

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Introduction

The mission of the Nevada System of Higher Education is to provide higher education services to the citizens of the State at an excellent level of quality consistent with the state's resources. The NSHE Board of Regents and its eight institutions strive to ensure that no student is denied a college education due to an inability to afford the cost of attendance. Yet, Nevada continues to rank 49th in the nation in the number of low-income students attending college. The cost of attending college is out of reach for many students and families, and financial aid plays a critical role in bridging this gap.

A strong financial aid system is an essential component for assuring access to education and ensuring student persistence and graduation. In order to monitor and measure progress in available financial aid programs, NSHE System Administration produces an annual financial aid report. The information provided in this report is critical for monitoring the impact of financial aid on the Master Plan goals of the Board of Regents, particularly those related to student access and success.

The NSHE Financial Aid Report includes information on the amount of financial assistance provided to students attending institutions within the NSHE. The report provides trends and analysis on five areas related to financial aid: 1) total aid awarded; 2) financial aid recipients; 3) need-based aid; 4) student loans; and 5) Nevada financial assistance programs. In addition, information is provided regarding NSHE cost of attendance and the Regents' Higher Education Opportunity Award program.

Methodology

The information in this report is provided by the financial aid officers at each NSHE institution. Each fall, institutions submit a detailed expenditure report for each financial aid program administered. In addition to that information, trend analyses are conducted on a rolling five-year period. Comparisons to national data are made where appropriate, with source citations.

During 2008-09, the NSHE Financial Aid Director met with institutional financial aid directors to refine common data definitions for each item in the expenditure report. The resulting changes to methodology resulted in minor differences in how aid is reported. These differences are noted where appropriate.

Highlights

The following points highlight some of the significant findings of this report:

- Systemwide, \$405.4 million in financial aid was distributed in 2008-09. After declining in 2006-07, total aid grew 24.5% in one year to its highest value ever, primarily due to increases in Pell Grants and loans.

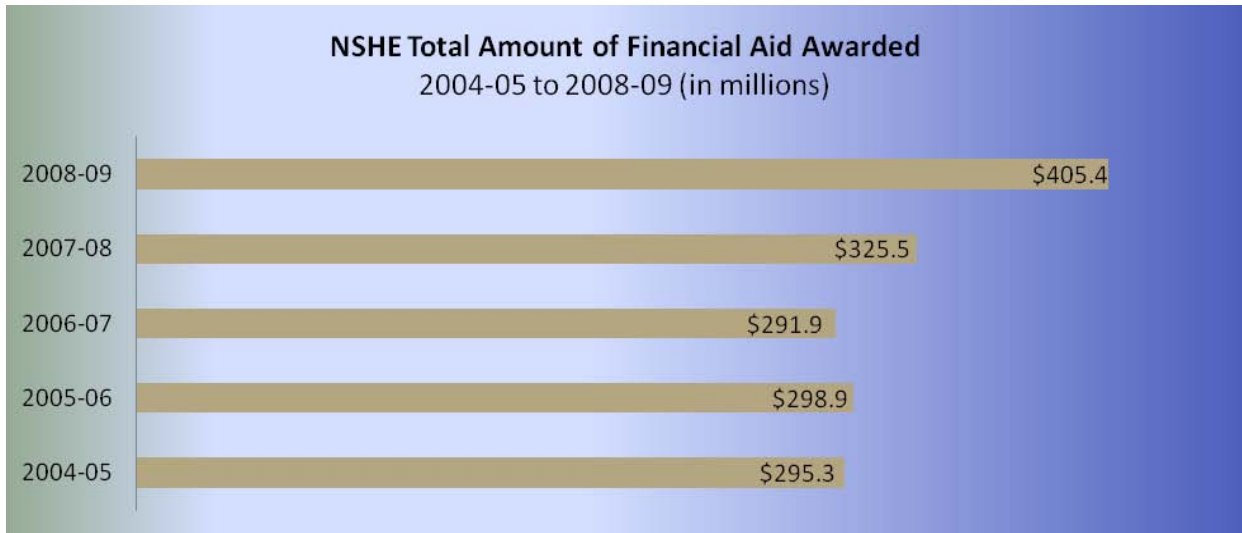
- NSHE financial aid awarded grew 37.3% over the past five years. For the first time in several years, Nevada financial aid growth exceeded the national growth rate. According to the College Board, nationally, total aid for the same time period grew 18.5%.
- Between 2004-05 and 2008-09, registration fees increased 16.8% for lower division community college courses, 33.5% for upper division community college courses, 33.5% for state college undergraduate courses, and 42.4% for university undergraduate courses, compared to the overall 37.3% increase in financial aid over the same time period.
- Unfortunately, the NSHE total unmet need (unfunded gap) across the System for 2008-09 was \$155.4 million, 74% greater than the amount in 2007-08.
- If one looks just at grants (aid not requiring repayment nor tied to service or employment) between 2007-08 and 2008-09, these increased at the greatest rate - 47.4%. This is primarily due to the 22.7% increase in the number of Pell Grant recipients, as well as an increase in the average annual Pell Grant disbursement per student.
- Between 2007-08 and 2008-09, the NSHE total number of students receiving financial assistance increased by nearly 8,000 students, while the total annual unduplicated headcount enrollment increased by only 1,343 students. Obviously, the percent of students receiving assistance increased, from 30.7% to 35.6%. Coupled with the 26.8% increase in FAFSA applications, this paints a vivid picture - more NSHE students are financially needy and applying for financial aid.
- Despite the significant increase in grants to students, the percentage of need-based aid compared to other forms of financial aid continues to decline. For 2008-09, this decline can be attributed to the significant increase in non-need-based student loans
- Total student loans awarded increased 30.4% between 2007-08 and 2008-09. For last year, \$188 million was the largest amount ever disbursed for student loans within NSHE.
- The Millennium Scholarship Program provides the greatest portion of state financial assistance, awarding \$25.7 million to just over 21,000 NSHE students.

Despite being a low-tuition state, Nevada consistently earns an "F" in Affordability on the annual Measuring Up report card that is published by the National Center for Public Policy and Higher Education. This is because need-based state-funded financial aid does not appear as a line-item in the state budget; instead, it is reflected in each institution's annual appropriation. Even if shown in the state budget, the levels of need-based financial aid funded by the state remain stagnant and small.

NSHE Total Financial Aid

Financial aid is defined as assistance provided to students to help pay for costs associated with higher education. Aid can be obtained in the form of grants, loans, scholarships, and student employment. Figure 1 displays the five-year trend in the total amount of financial aid disbursed across the NSHE.

Figure 1.



- Systemwide \$405.4 million in financial aid was distributed in 2008-09. After a low in 2006-07, in 2008-09 total aid grew 24.5% from the prior year to its highest value ever.
- Over a five year period, NSHE financial aid awarded grew 37.3%.
- Nevada financial aid growth outpaced national growth. Nationally, total aid for the same time period grew 18.5%. (Source: The College Board, *Trends in Student Aid 2009*) However, rate of growth does not address adequacy of the amount.
- Between 2004-05 and 2008-09, registration fees increased 16.8% for lower division community college courses, 33.5% for upper division community college courses, 33.5% for state college undergraduate courses, and 42.4% for university undergraduate courses, compared to the overall 37.3% increase in financial aid. While the rate of increase in financial aid has generally kept pace with or exceeded the rate of increase in fees, that does not necessarily equate to increases in actual dollars available to students to offset fee increases.

Total Aid by Institution

In 2008-09, NSHE institutions disbursed \$405.4 million in financial aid with amounts ranging from \$4.5 million at Great Basin College to \$182.5 million at the University of Nevada, Las Vegas. Table 1 displays total financial aid at each NSHE institution.

Table 1.

Total Aid Awarded by NSHE Institution
2004-05 to 2008-09
(in millions)

Institution	2004-05	2005-06	2006-07	2007-08	2008-09	5-year % change	1-year % change
UNLV	\$149.0	\$155.9	\$145.1	\$156.5	\$182.5	22.5%	16.6%
UNR	\$89.0	\$91.4	\$94.3	\$100.2	\$114.4	28.5%	14.2%
NSC	\$3.0	\$3.9	\$4.3	\$5.5	\$7.0	133%	27.3%
CSN	\$33.3	\$28.1	\$28.3	\$39.6	\$67.7	103.3%	71.0%
GBC	\$4.0	\$3.2	\$3.4	\$4.1	\$4.5	12.5%	9.8%
TMCC	\$12.0	\$10.7	\$10.7	\$13.2	\$21.1	75.8%	59.8%
WNC	\$5.0	\$5.7	\$5.8	\$6.4	\$8.2	64.0%	28.1%
NSHE Total	\$295.3	\$298.9	\$291.9	\$325.5	\$405.4	37.3%	24.5%

- In 2008-09, community colleges gave out 25% of the System’s financial aid or \$101.5 million and had 61% of the total NSHE headcount enrollment. Four year institutions gave the remaining 75% of financial aid disbursed, yet accounted for just 39% of headcount enrollment. This is partially explained by the tendency of community college students not to take out student loans and to attend part-time.
- All NSHE institutions experienced increases in the amounts of financial aid disbursed to students in the last five years, although GBC experienced only a slight increase with declines in a few years.

Financial Aid Application

The financial aid process begins with the Free Application for Federal Student Aid (FAFSA). The FAFSA is completed each year by the student and/or parents. It collects a variety of information used to determine the family’s overall financial picture, including the family’s income and assets, family size, and the number of family members enrolled in college. Data provided by the applicant are run through a complex formula developed and maintained by Congress called the Federal Methodology. The formula results in an Expected Family Contribution (EFC), which represents the family’s ability to contribute to the cost of the student’s education.

By completing the FAFSA, NSHE students are applying for all forms of Federal aid, which primarily includes the Pell Grant, Supplemental Education Opportunity Grant, Federal Work Study, and Stafford Loans. In addition, Board of Regents policy (*Title 4, Chapter*

18, Section 18) requires that the Regents' Higher Education Opportunity Award funds be awarded according to federal methodology, thus requiring the FAFSA. Without a FAFSA, NSHE institutions are not able to equitably assess a student's need. Not all students who apply receive financial assistance. Some students do not end up matriculating, while some do not complete their financial aid files by providing supplemental documents as requested by the institution. Some students fail to maintain satisfactory academic progress during a prior award year and may owe money back to the Federal government or be delinquent on a federal loan. Finally, some students are only eligible for student loans, and they choose not to borrow money. The aforementioned students would not be included in the number of funded FAFSA applications.

NSHE began collecting FAFSA application numbers beginning in 2005-06. Table 2 displays the FAFSA application numbers by institution and also indicates how many of the FAFSA filers received any type of financial assistance.

Table 2.

FAFSA Applications by Institution
2005-06 to 2008-09

	2005-06		2006-07		2007-08		2008-09	
	<i>Applied</i>	<i>Funded</i>	<i>Applied</i>	<i>Funded</i>	<i>Applied</i>	<i>Funded</i>	<i>Applied</i>	<i>Funded</i>
UNR	10,301	5,501	9,475	5,697	9,952	5,967	11,287	6,216
UNLV	24,210	11,018	21,641	10,748	*16,909	*12,574	19,113	16,532
NSC	1,111	808	1,473	876	1,642	992	1,949	850
CSN	15,137	5,612	15,088	5,199	16,233	6,655	24,236	9,777
GBC	1,049	416	1,111	422	*1,305	438	1,442	765
TMCC	5,320	2,419	5,165	2,364	5,638	2,822	7,374	3,661
WNC	1,980	1,079	1,907	1,007	2,075	1,042	2,765	1,396
NSHE	59,108	26,853	55,860	26,313	*53,754	*30,490	68,166	39,197
Total								

Note: While numbers are unduplicated at each institution, the total may include duplicated numbers for students who applied at more than one institution.

*UNLV and GBC's numbers for 2007-08 were revised due to counting differences.

- FAFSA applications increased 26.8% systemwide from 2007-08 to 2008-09, probably due to the declining economy and rising unemployment rate. Yet, in
- 2008-09 only 45.4% of NSHE students applied for financial aid using the FAFSA.
- In 2008-09, 57.5% of FAFSA filers received financial assistance. FAFSA filers are more likely to receive aid than the general student population, of which 35.6% received aid in 2008-09.

It should be noted that many NSHE institutions are again experiencing dramatic increases in FAFSA applications for 2009-10. At the time of this report, with three months remaining in the award year, volume already exceeded the total volume for 2008-09. NSHE financial aid offices are increasing efforts to encourage students to file a FAFSA.

Unmet Need

Eligibility for need-based financial aid is determined by subtracting the student's Expected Family Contribution from the cost of attendance (see Appendix A). The cost of attendance varies by student and is based on factors such as residency status, full or part-time enrollment and living arrangements (on or off-campus). The resulting figure is the student's overall financial need. Ideally, financial aid offices would prefer to meet every student's total financial need. Due to limits in financial aid resources, most students are provided a financial aid package that is less than their financial need, which then creates an unfunded gap known as the unmet need. Students must make up this gap on their own, either through work or by other means. Unmet need is calculated as follows:

$$\begin{aligned} & \text{Cost of Attendance \{includes educational and required fees, books and living expenses\}} \\ - & \text{\underline{Expected Family Contribution} \{from the FAFSA\}} \\ = & \text{Financial Need \{educational expenses that the student cannot cover\}} \\ - & \text{\underline{Total Financial Aid Awarded} \{includes grants, scholarships, work study and loans\}} \\ = & \text{\underline{Unmet Need} \{the gap that institutions are unable to fill due to lack of resources\}} \end{aligned}$$

If the calculated value of financial need is positive, the student is eligible to receive need-based assistance such as grants, work study and need-based loans. After subtracting the total amount of financial aid from all sources, an unmet need value is determined, which is the remaining amount of money a student needs to meet their cost of attendance. For the purposes of this report, unmet need is calculated by totaling all unmet need for FAFSA filers enrolled at each NSHE institution. The resulting figure for NSHE is \$183.3 million. Table 3 displays total unmet need by NSHE institution, as well as the average unmet need per student.

Table 3.

NSHE Unmet Need for FAFSA Filers
2008-09
(in millions)

Institution	Total Unmet Need	Average Unmet Need
UNLV	\$51.7	\$3,486
UNR	\$25.3	\$5,700
NSC	\$1.7	\$4,369
CSN	\$53.5	\$6,203
GBC	\$3.10	\$4,045
TMCC	\$15.4	\$4,835
WNC	\$4.7	\$4,329
NSHE Total	\$155.4	N/A

- The total unmet need in the NSHE for 2008-09 was 74% greater than the 2007-08 unmet need total of \$89.3 million.

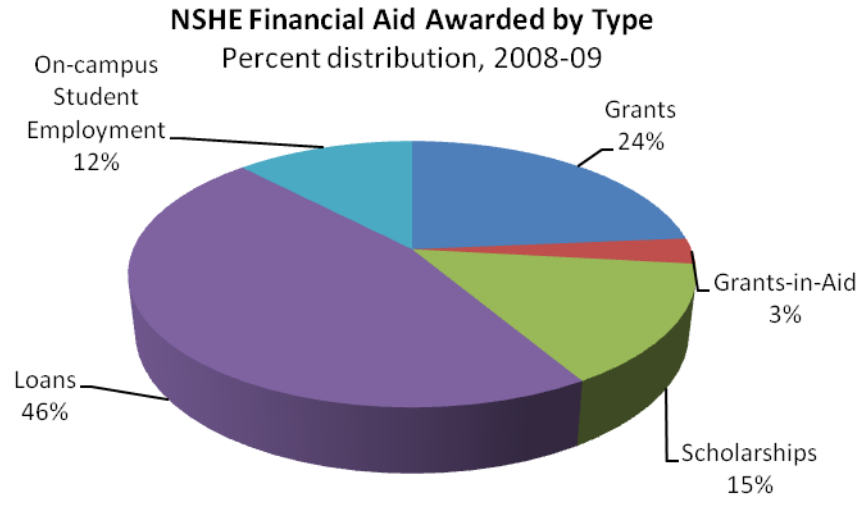
Types of Financial Aid

Students and their families are expected to contribute to the cost of attending college based on their ability to pay. Financial aid is available to assist students with paying for their education. Students are assisted through several different types of awards, including the following:

- ***Grants*** are forms of aid that are non-repayable and are not tied to service or employment.
- ***Grants-in-Aid*** are an off-set of student tuition and fees for qualifying students (examples include athletes and graduate assistants).
- ***Scholarships*** are non-repayable forms of aid and are frequently merit-based and/or privately funded. The state-funded Governor Guinn Millennium Scholarship falls into this category.
- ***Loans*** must start to be repaid upon graduation or enrollment in less than six credits.
- ***On-campus Student Employment*** programs create jobs for students while attending college.

Figure 2 illustrates the percent distribution of the types of financial aid awarded across the NSHE, while Table 4 displays the one-year and five-year trend by the total amount and percent increase of disbursements by award type.

Figure 2.



- In 2008-09, student loans continued to be the most common form of financial aid awarded, while grants-in-aid accounted for the lowest portion.

Table 4.

NSHE Financial Aid Awarded by Type
2004-05 to 2008-09
(in millions)

Types of Aid	2004-05	2005-06	2006-07	2007-08	2008-09	5-year % change	1-year % change
Grants	\$54.3	\$52.2	\$57.9	\$65.0	\$95.8	76.4%	47.4%
Grants-in-Aid*	\$13.2	\$15.3	\$11.3	\$12.1	\$12.7	-3.8%	5.0%
Scholarships	\$54.6	\$55.9	\$51.5	\$60.5	\$59.6	9.2%	-1.5%
Loans	\$130.2	\$134.4	\$135.0	\$144.2	\$188.0	44.4%	30.4%
On-campus Student Employment	\$43.0	\$41.1	\$36.2	\$43.7	\$49.3	14.7%	12.8%
NSHE Total	\$295.3	\$298.9	\$291.9	\$325.5	\$405.4	37.3%	24.5%
NSHE Total Without Loans	\$165.1	\$164.5	\$156.9	\$181.3	\$217.4	31.7%	19.9%

*2008-09 Grants-in-Aid do not include Faculty/Staff/Dependent grants-in-aid; the other years do include this category.

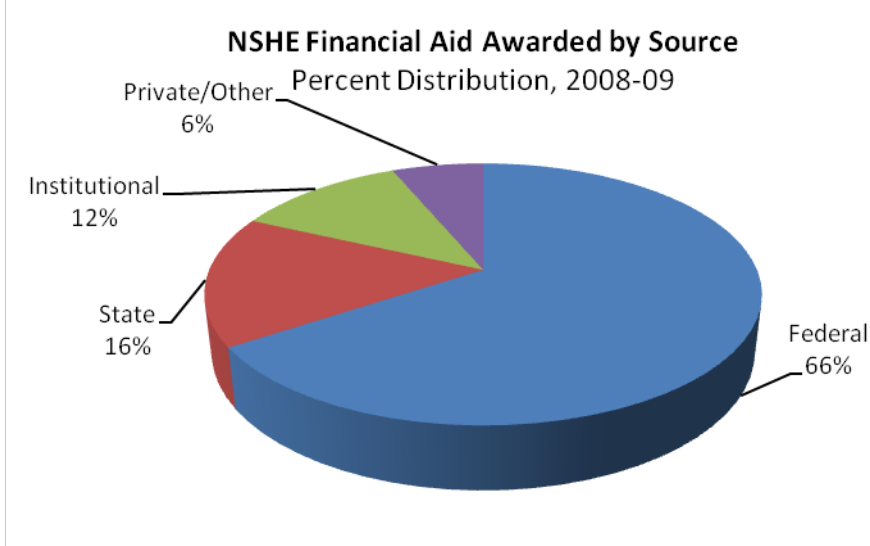
- Although student loans account for a significant portion of financial aid awarded to students, the five-year increase in grants of 76.4% was greater than the increase in student loans of 44.4%.
- The year-to-year growth in grants between 2007-08 and 2008-09 was 47.4%, due primarily to the increase in the number of Pell recipients.
- The amount of financial aid disbursed to students decreases significantly if student loans are removed, as does the growth rate.

Source of Financial Aid

Financial aid is funded from a variety of sources, both public and private. Federal aid is authorized by the U.S. Department of Education under the Title IV program. State aid comes from direct state appropriations and the Millennium Scholarship Program. Institutional aid is comprised of funds from registration fees as well as self-supporting programs. Private aid comes from sources other than federal, state or institutional, such as private scholarship donors and foundations. Federal and state governments contribute the bulk of financial aid funds, providing a total of \$331.8 million, or 81.8% of the financial aid dollars awarded during the 2008-09 academic year. Figure 3 shows the 2008-09 percent distribution for all sources and Table 5 shows the five-year history in terms of actual dollar amounts.

Faced with annual higher education cost increases, students, families and financial aid professionals combine various personal, federal, state, institutional and private resources to pay the costs of the student's higher education. Federal aid is considered the foundation of financial aid, with other aid sources designed to build upon top of federal programs before spending state and institutional resources. Private funding, typically in the form of scholarships, demonstrates the community's commitment towards helping students graduate from college.

Figure 3.



- Institutional aid includes the Regents' Higher Education Opportunity Award program that is generated from a portion of registration fee increases approved by the Board biennially (Board *Handbook*, Title 4, Chapter 17).

Table 5.

NSHE Financial Aid Awarded by Source
2004-05 to 2008-09
(in millions)

Sources of Aid	2004-05	2005-06	2006-07	2007-08	2008-09	5-year % change	1-year % change
Federal	\$173.4	\$173.4	\$174.5	\$191.1	\$266.3	53.6%	38.8%
State	\$75.8	\$78.2	\$61.7	\$56.3	\$65.5	-13.6%	16.3%
Institutional	\$25.1	\$23.5	\$41.2	\$55.2	\$47.9	90.8%	13.2%
Private/Other	\$21.0	\$23.8	\$14.5	\$22.9	\$25.7	22.4%	12.2%
NSHE Total	\$295.30	\$298.9	\$291.9	\$325.5	\$405.4	37.3%	24.5%

- Over the past five years, institutional financial aid experienced the greatest growth rate, but federal sources grew the most in actual dollars.

NSHE Financial Aid Recipients

In order to paint an overall picture of NSHE financial aid, it is important to look at financial aid recipients. While financial aid is available to both full- and part-time students, many part-time students choose not to apply for aid or do not qualify due to full-time employment. Consequently, institutions with higher levels of part-time students tend to report a lower percentage of students receiving some form of financial assistance.

In the 2008-09 academic year, 35.6% of all NSHE students received some type of financial aid. Of the students who received aid, the average award amount was \$7,578. Table 6 provides the total number of students receiving aid and average award amounts, as well as the percentage of the student population receiving aid at each institution.

Table 6.

Number of NSHE Financial Aid Recipients & Average Award Amount 2008-09

Institution	# of Students Receiving Aid	Annual Average Award Amounts	Unduplicated Headcount	% of Total Student Population Receiving Aid
UNLV	17,408	\$10,486	35,868	48.5%
UNR	11,545	\$9,910	19,633	58.8%
NSC	1,163	\$5,986	3,172	36.7%
CSN	15,252	\$4,441	59,691	25.6%
GBC	1,149	\$3,919	4,926	23.3%
TMCC	4,989	\$4,232	19,035	26.2%
WNC	1,992	\$4,130	7,808	25.5%
NSHE Total	53,498	\$7,578	150,133	35.6%

Note: For the purposes of this report, annual unduplicated headcount figures are as reported by each institution to IPEDS and do not correspond to the official headcount figures reported to NSHE that are for semester only and are unduplicated across the System. Number of students receiving aid includes aid from all sources, federal, state, institutional and private. Not all financial assistance requires the FAFSA.

- Community college awards are predictably lower than those at the universities.
- UNR awards financial aid to the greatest percent of the student population. UNLV grants the highest average award.
- Between 2007-08 and 2008-09, the NSHE total number of students receiving financial assistance increased by nearly 8,000 students, while the total annual unduplicated headcount increased by 1,343 students. Additionally, the NSHE percent of the total student population receiving assistance increased from

30.7% to 35.6% during the same time period. Coupled with the 26.8% increase in FAFSA applications, this paints a vivid picture. More NSHE students are financially needy and applying for financial aid than ever before.

Ethnicity

Table 7 provides the ethnic distribution for financial aid recipients for 2008-09 by aid category.

Table 7.

**NSHE Financial Aid Recipients by Ethnicity and Aid Program
2008-09**

	Grants	Grants-in-Aid	Scholarships	Loans	Student Employment	Total
Native American	2.9%	5.5%	1.9%	1.9%	2.7%	2.3%
Asian/Pacific Islander	10.3%	8.5%	10.9%	10.3%	8.7%	10.4%
Black	16.3%	6.4%	7.5%	12.1%	12.1%	10.9%
Hispanic	16.4%	10.0%	19.8%	10.8%	10.9%	16.1%
White	54.1%	69.6%	59.9%	64.9%	65.6%	60.3%
NSHE Total	100%	100%	100%	100%	100%	100%

Note: Based on self-reported data by student. Contains duplicated figures.

- The percentage of White students receiving financial aid (60.3%) is virtually identical to the overall NSHE White student population percentage of 60.8%.
- The percentage of Black students receiving financial aid (10.9%) is higher than the percentage of overall NSHE Black student population (7.8%).

Need-based Aid

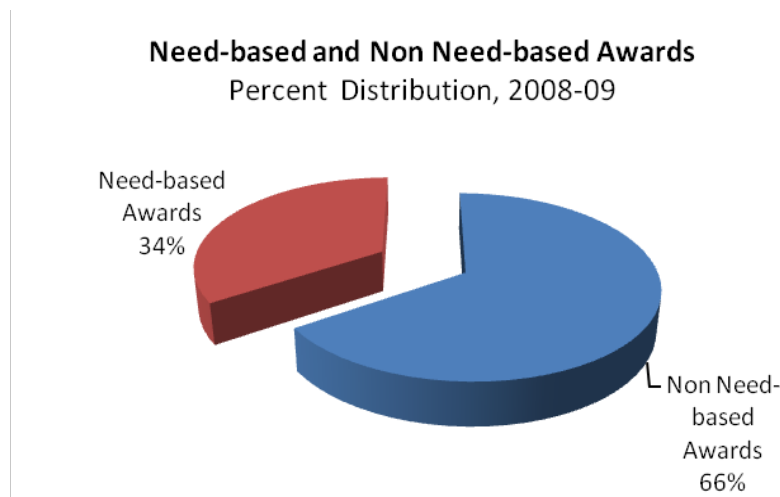
Families are expected to bear the primary responsibility of paying for college. When they cannot pay all of the costs, need-based financial aid programs can help with the difference between the cost of attendance and what the family is expected to pay (EFC). Low registration fees tend to keep access to NSHE institutions reasonably affordable for many Nevadans. Nonetheless, the majority of students still face financial barriers in attending college, because registration fees comprise only between 12% and 17% of the total costs that students face in going to college.

Need-based financial aid is awarded on the basis of the financial need of the student. Recipients must meet a standard of need using measures such as Expected Family Contribution (EFC) and cost of attendance, previously described. In order to receive need-based financial aid, a student must complete the Free Application for Federal Student Aid (FAFSA). By completing the FAFSA, student eligibility is determined for need-based grants, loans and work-study programs. NSHE requires students to complete the FAFSA to qualify for aid under the Regents' Higher Education Opportunity Award.

According to the National Association of State Student Grant and Aid Programs' 39th Annual Report on State-Sponsored Student Financial Aid, Nevada ranks 30th in the nation in providing state-funded grant aid to students and 28th in the nation in providing state-funded need-based grant aid.

Figure 4 displays need-based aid as a percent of total aid awarded.

Figure 4.



- Need-based financial aid represents about 34.4% of the aid awarded throughout the NSHE in 2008-09.
- Despite the significant increase in grants to students, need-based aid continues to decline as a percentage of total financial aid. For 2008-09, this decline can be attributed to the larger increase in non-need-based student loans.

Need-based aid is delivered to students in a variety of fashions. The majority of aid arrives in the form of loans (generally low interest, federally supported loans) that help students cover the various costs of attendance. Table 8 displays the percent distribution of need-based and non-need based aid awarded by type for 2008-09.

Table 8.

NSHE Need-based Aid vs. Non-Need-based Aid

2008-09
(in millions)

	Need-based Aid	Non-Need-based Aid	% of Total Aid that is Need-based
Grants	\$63.9	\$31.9	66.7%
Grants-in-Aid	\$1.2	\$11.5	9.4%
Scholarships	\$.7	\$58.9	1.2%
Loans	\$69.3	\$118.7	36.9%
Student Employment	\$4.3	\$45.0	8.7%
NSHE Total	\$139.4	\$266.0	34.4%

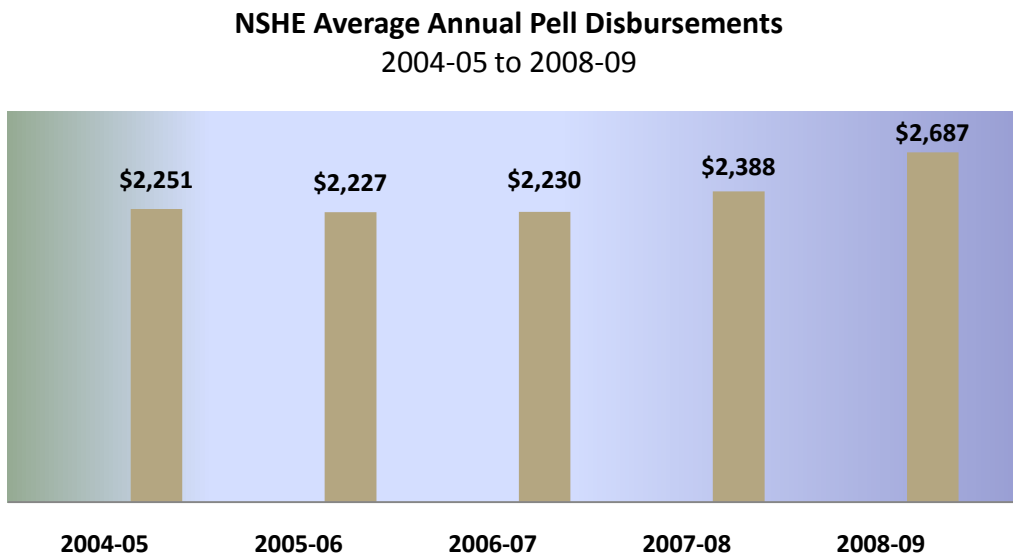
- Grants and loans are the primary forms of need-based aid awarded in 2008-09, while scholarships, student employment, and loans comprise the bulk of non-need-based aid

Pell Grants

Pell Grants constitute the primary source of federal need-based grants that are specifically aimed at assisting students in obtaining an undergraduate degree. For students who qualify, Pell Grants make up the foundation of their financial aid award package, to which aid from other Federal and non-Federal sources might be added. Students may receive only one Pell Grant per term and cannot receive Pell funds from more than one institution at a time.

Figure 5 illustrates the trend in the average Pell award received by students over the past five years.

Figure 5.



- Average annual Pell Grant disbursements increased significantly in 2008-09. This is due to the increase in Pell Grants authorized by Congress and funded in part by the American Recovery and Reinvestment Act (ARRA). ARRA funds are not scheduled to continue past the current academic year. However, Congress recently ensured the continued increase in Pell Grants, despite the sunset of ARRA funds.
- Nationally, the average Pell Grant disbursement per recipient was \$2,973 in 2008-09. (Source: The College Board, *Trends in Student Aid 2009*.)

Table 9 demonstrates the five-year trend in Pell Grant recipients, disbursements, and average annual disbursement.

Table 9.

NSHE Pell Grant Trends
2004-05 to 2008-09

	2004-05	2005-06	2006-07	2007-08	2008-09
Pell Recipients	15,050	13,513	12,803	13,699	16,804
Pell Disbursements (in millions)	\$33.9	\$30.1	\$28.5	\$32.6	\$45.2
Average Annual Pell Disbursement	\$2,251	\$2,227	\$2,230	\$2,388	\$2,687

- The number of Pell Grant recipients increased by 3,105 students, or 22.7%, from 2007-08 to 2008-09. Expenditures also increased, by \$12.6 million, or 38.7%.
- The national five year trend for total Pell Grant expenditures shows a 19% decrease in total Pell Grant expenditures, compared to NSHE's 33.3% increase over the same time period. (Source: The College Board, *Trends in Student Aid 2009*.)

Student Loans

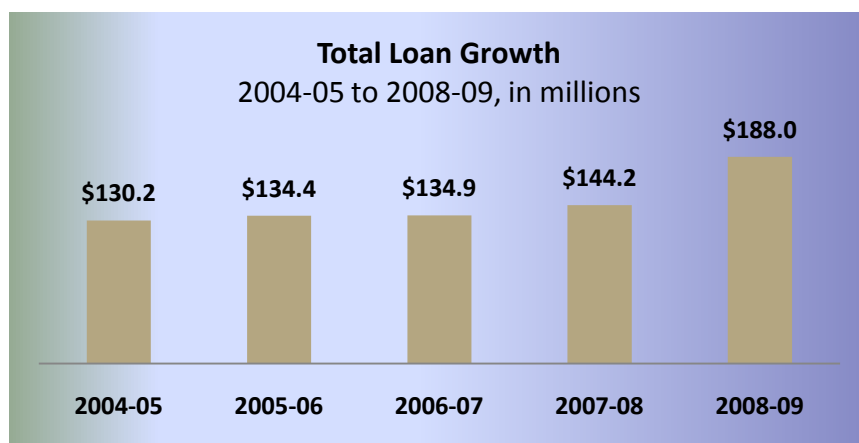
The category of student loans includes federal, state, and institutionally funded loan programs. Student loans continue to be the most common form of financial assistance for students. When personal resources, grants, scholarships, and student employment do not cover a student's cost of attendance, the student is left with the last option to borrow money to continue to finance their education. National trends show significant increased reliance on student debt to fund the costs of higher education and students at all income levels are borrowing for their educational expenses.

The sub-category of federal loans includes Ford Direct Stafford Loans (both subsidized and unsubsidized, with the United States Department of Education as the lender), Federal Family Education Loan Program (FFELP) Stafford Loans (both subsidized and unsubsidized, with banks as the lenders), Parent Loans for Undergraduate Students (PLUS, with banks as the lenders) and Perkins Loans (where the institution serves as the lender with funds initially provided by the federal government). Interest rates range from 5% for Perkins Loans to 8.5% for PLUS loans. The government subsidizes or waives interest for students borrowing subsidized loans, provided they remain enrolled in a minimum of six credits. Accompanying the increasing reliance on student loans is the enormous increase in unsubsidized loans and PLUS loans. The federal government does not subsidize the interest on these types of loans. Consequently, borrowers must either make interest payments on the loans immediately after disbursement or have the interest capitalized into the principal while the student remains enrolled at least half time.

As recently as March 2010, significant changes occurred in the Federal student loan landscape. Congress passed major education legislation as part of the health care bill reconciliation process. All new student loans disbursed after July 1, 2010 may only be processed through the Federal Direct Stafford Loan program. Under this program, all loans are originated through the Federal government and banks are no longer involved in the process. Students borrow and repay the Federal government. We will not see the ramifications of this legislation for two years, when the 2010-11 Financial Aid Report is produced.

Figure 6 provides total NSHE loan growth over the past five years.

Figure 6.



- Student loan growth increased 30.4% between 2007-08 and 2008-09. At \$188 million, 2008-09 is the largest amount disbursed for student loans within NSHE to date.
- At 44.4%, the NSHE student loan growth from 2004-05 to 2008-09 exceeds the national growth rate of 32%, primarily because of the large increase in 2008-09. (Source: The College Board, *Trends in Student Aid 2009*.)

Average Debt

While the growth in student loans is somewhat disturbing, the average debt of students graduating from a NSHE university is slightly lower than the national average. Table 10 shows the average debt of graduating seniors from the class of 2008, the most recent year for which data are available.

Table 10.

University Student Loan Debt Class of 2008

	Nevada	Nation
Average debt of graduates	\$17,921	\$19,535
Percent of graduates with debt	40%	56%
Percent of graduates with federal loans	39%	54%

Source: Project on Student Debt *Student Debt and the Class of 2008*

- Nevada ranks 41st in the nation in the average loan debt for university graduates, and 48th in the percentage of university graduates with debt. Note that these data are from the academic year 2007-08, before the dramatic increase in student loan volume in 2008-09. We can expect these amounts to change for the graduating class of 2009.

Institutional Loans

Pursuant to Board policy (*Title 4, Chapter 10*), each institution is required to report information to the Board of Regents for institutional long and short term loans. Short term loans are defined as loans that need to be repaid within three months, while long term loans are generally due within one year or when a student stops attending. Board policy requires the following to be reported each year: 1) the total amount outstanding at the beginning and end of the year; 2) the loans awarded and collected during the year; 3) the dollar amount of loans written off during the year; and 4) the percentage of loans written off during the year, as a percent of loans awarded for institutional loan programs.

Table 11 shows total institutional loan information.

Table 11.

**NSHE Long and Short Term Institutional Loans
2008-09**

Institution	Total Loans Outstanding July 1, 2008	Total Loans Outstanding June 30, 2009	Total Loans Awarded	Total Loan Repayments	Total Loans Written Off	Percentage of Loans Written off
UNR	\$7,778,949	\$7,997,211	\$1,249,727	\$947,122	\$19,321	2%
UNLV	\$2,968,734	\$3,502,930	\$894,251	\$333,797	\$516	<1%
TMCC	\$313,461	\$309,548	\$69,654	\$42,264	\$3,942	9%
WNC	\$0	\$0	\$6,715	\$6,715	\$0	N/A
NSHE Total	\$11,061,144	\$11,809,689	\$2,220,347	\$1,329,898	\$23,779	N/A

- Systemwide, \$2.2 million in institutional loans was advanced in 2008-09.
- UNR made the greatest amount of institutional loans to students in 2008-09.
- NSC and CSN and GBC did not have institutional loan programs in 2008-09.

Nevada Financial Assistance Programs

The Nevada System of Higher Education currently distributes financial aid awards from five state-supported student financial assistance programs:

- **Leveraging Educational Assistance Program (LEAP)** matches state funds with federal funds for grant programs.
- **Regent's Higher Education Opportunity Award** (formerly Nevada Student Access) is funded from a combination of state funds and student registration fees; the program primarily supports need-based grants, but includes some support for scholarships and work programs.
- **Nevada Grants-in-Aid** reduce student tuition and fees for qualifying students. (Examples include graduate assistants and athletes.)
- **Governor Guinn Millennium Scholarship Program** is a merit-based scholarship program for Nevada high school graduates.
- **Regents' Service Program** creates jobs for students that make a contribution to the state of Nevada, community or institution.

Table 12 provides information on expenditures for LEAP, Regents' Higher Education Opportunity Award (RHEOA), Nevada Grants-in-Aid, the Regents' Service Program and the Millennium Scholarship Program for 2008-09. The information below pertains to statewide programs specifically designated by the State of Nevada and/or the Board of Regents and does not include all state dollars expended to assist students (for example, student wages).

Table 12.

Nevada Financial Assistance Programs 2008-09 (in millions)

Program	2008-09	% of total
LEAP	\$.4	.9%
Regents' Higher Education Opportunity Award	\$19.2	32.4%
Nevada Grants-in-Aid	\$12.6	21.3%
Regents' Service Program	\$1.3	2.0%
Millennium Scholarship	\$25.7	43.4%
Total:	\$59.2	100%

- Nevada financial assistance programs provided 14% of total aid to NSHE students in 2008-09. This is a decline from 2007-08, when NSHE financial

assistance programs provided 18% of total aid. This is due to the increase in Federal assistance.

- All state funding for financial assistance as a whole, including student employment, provided 16% of total aid to NSHE students in 2008-09. This is a slight decline from 2007-08, when state funding provided 17% of total aid.
- For 2008-09, the Millennium Scholarship Program provided the greatest portion of Nevada financial assistance, awarding \$25.7 million to just over 20,000 Nevada students.

Regents’ Higher Education Opportunity Award (RHEOA)

Pursuant to Board policy (*Title 4, Chapter 18, Section 18*), each institution is required to report annually to the Board of Regents information demonstrating how RHEOA funds are utilized. These funds are governed in Board policy under the broader category of Student Access aid. The findings of the report will be used to evaluate Board established Student Access guidelines.

NSHE institutions report how Regents’ RHEOA funds are distributed to students. Each institution is given the discretion to allocate RHEOA funds according to their mission and the needs of their students, provided Board policy is followed regarding need/non-need and federal methodology. Their responses appear in Appendix B: Regents’ Higher Education Opportunity Award. Table 13 demonstrates RHEOA funds awarded by type for each institution for the 2008-09 academic year.

Table 13.

**NSHE Regents’ Higher Education Opportunity Award Funds Awarded by Institution
2008-09
(in millions)**

	UNLV	UNR	NSC	GBC	CSN	TMCC	WNC	NSHE Total
Grants	\$5.60	\$6.14	\$0.45	\$0.24	\$1.75	\$0.57	\$0.29	\$15.04
Scholarships	\$1.01	\$1.21	\$0	\$0	\$0.12	\$0.02	\$0.00	\$2.36
Work Study	\$1.21	\$0.02	\$0	\$0.01	\$0	\$0.44	\$0.13	\$1.81
Total	\$7.82	\$7.37	\$0.45	\$0.25	\$1.87	\$1.03	\$0.42	\$19.21

Note: Includes both state-funded and fees-generated RHEOA funds.

- RHEOA funds may be allocated differently at each institution, thus the difference in each category’s expenditures by institution.
- Board policy requires that at least 80% of undergraduate Student Access aid, including RHEOA, be spent on need-based aid according to federal methodology

and no more than 20% be spent on non-need-based aid. Graduate Student Access aid that is funded by registration fees may be distributed 50% need-based and 50% non-need-based.

- Grants make up the largest portion of RHEOA assistance at 78.3%, followed by scholarships at 12.3% and work study at 9.4%.

Governor Guinn Millennium Scholarship

The 2008 Nevada high school graduates became eligible for the Millennium Scholarship after successful graduation from a Nevada high school they had attended for at least two years, along with passing the Nevada Proficiency Exam and having at least a 3.25 graduating GPA. Millennium Scholars are required to enroll in and complete a minimum of 12 credits at Nevada four-year institutions and six credits at community colleges. Students are limited to 12 credits of funding per term across the NSHE. To continue receiving the Millennium Scholarship, students are required to complete the minimum number of credits and attain a 2.6 term GPA in the first 30 credits earned and a 2.75 term GPA thereafter. Remedial courses are not eligible for funding with the Millennium Scholarship, although they may be used to meet the minimum enrollment requirements.

Table 14 provides comparisons for selected high school graduating classes since the inception of the scholarship.

Table 14.

**The Millennium Scholarship Program
2001-01 to 2008-09 Comparison of High School Graduating Classes**

	Class of 2000	Class of 2002	Class of 2004	Class of 2006	Class of 2008
Nevada public high school graduates	12,953	14,282	15,005	16,367	18,715
Millennium eligible graduates	7,361	8,203	9,086	8,741	8,782
% of graduates who are eligible	56.8%	57.4%	60.6%	53.4%	46.9%
Activated scholarships	5,657	6,217	6,601	6,084	5,622
% of eligible scholars who activate the scholarship	76.9%	75.8%	72.7%	69.6%	64.0%

Source: Nevada State Treasurer’s Office January 2010; Nevada Department of Education

- The percentage of high school graduates who are eligible for the Millennium scholarship continues to fall, now below 50%.
- The number of eligible scholars who activate their scholarship continues to decline as well, falling by over 5% from Fall 2006 to Fall 2008 and nearly 13%

since the inception of the program. As the minimum GPA continues to rise, eligible students have more higher education options and may choose to pursue post-secondary education out of state.

The academic year 2008-09 was the eighth year of the scholarship. Table 15 demonstrates the NSHE university graduation rates for first-time, full-time, degree seeking freshmen from the high school graduating class of 2003.

Table 15.

University Graduation Rates			
Cohort: First-time, full-time, degree seeking freshmen, entering Fall 2003 and graduating with a bachelor's Degree			
	Millennium Students	Non-Millennium Students	Total
Graduating by August 2009 (6 years)	45.4%	38.4%	43.4%
Still Enrolled Fall 2009	16.7%	11.0%	15.1%
Non-Completers	37.9%	50.6%	41.5%

Source: NSHE Data Warehouse

- Millennium Scholars continue to remain enrolled or graduate at a higher rate than non-Millennium Scholars.

The value of the Millennium Scholarship is declining over time; the scholarship amount has not increased while registration fees have increased. Table 16 demonstrates the declining value of the scholarship since the inception of the program, in relation to the number of students “captured”, i.e. attend one of the seven NSHE institutions.

Table 16.

**The Millennium Scholarship Program
2000-01 to 2008-09 Comparison of Value vs. Capture Rate**

Academic Year	University per credit fee	% of per credit fee covered by Millennium	NSC per credit fee	% of per credit fee covered by Millennium	CC per credit fee	% of per credit fee covered by Millennium	# Students		
							Eligible Out of High School	# Eligible students who Activate*	% Eligible Students Captured
2000-01	74.00	108.1%	N/A	N/A	42.50	94.1%	7,361	5,657	76.9%
2001-02	76.50	104.6%	60.00	100.0%	44.00	90.9%	7,909	6,024	76.2%
2002-03	79.00	101.3%	62.00	96.8%	45.50	87.9%	8,203	6,217	75.8%
2003-04	85.00	94.1%	66.00	90.9%	47.25	84.7%	8,702	6,551	75.3%
2004-05	91.00	87.9%	70.00	85.7%	49.00	81.6%	9,086	6,601	72.7%
2005-06	98.00	81.6%	74.50	80.5%	50.75	78.8%	8,630	6,097	70.6%
2006-07	105.25	76.0%	79.00	75.9%	52.50	76.2%	8,741	6,084	69.6%
2007-08	116.75	68.5%	85.75	70.0%	57.25	69.9%	8,164	5,503	67.4%
2008-09	129.50	61.8%	93.50	64.2%	57.25	69.9%	8,782	5,622	64.0%

Source: Nevada State Treasurer's Office January 2010; Nevada Department of Education

- As per credit registration fees increase, the value of the Millennium Scholarship decreases.
- In 2008-09, the value of the Millennium Scholarship at community colleges fell from 108.1% in 2001-01, the first year of the program, to 61.8%. The value decreased at the state college and universities as well.
- As the value of the Millennium Scholarship decreased, the NSHE capture rate of high school graduates decreased as well. This might indicate that Millennium Scholars are choosing to continue on to postsecondary education outside of NSHE or not attending college at all.

Regents’ Service Program

The Regents’ Service Program was created by the Board of Regents in 1997 using Estate-Tax funding in concert with the *America Reads* initiative. *America Reads* was a national initiative to place Federal Work Study students as reading tutors to help in meeting the needs of K-12 students. In addition to giving priority to literacy programs, the intent of the Regents’ Service Program is to create student employment positions where Nevada System of Higher Education students make a contribution to the critical needs of the institution, the community or the state. Positions are not to be used as regular work study positions and must require a higher level of skill or knowledge. The Regents’ Service Program is now funded via each institution’s State General Fund appropriation.

Table 17 details expenditures for the Regents’ Service Program, by institution.

Table 17.

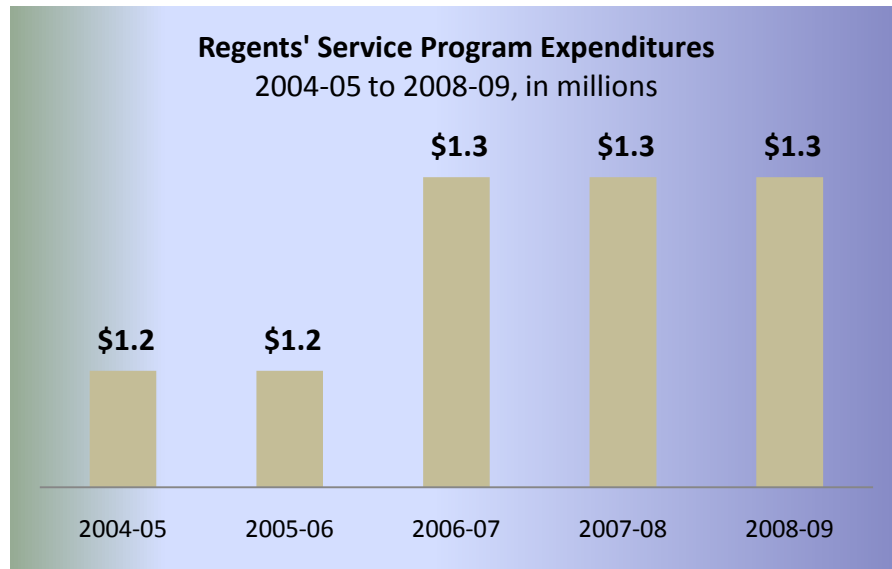
**Regents’ Service Program
2008-2009**

Institution	Expenditures
UNLV	\$349,510
UNR	\$224,359
NSC	\$17,815
CSN	\$503,306
GBC	\$30,337
TMCC	\$124,409
WNC	\$59,070
Total:	\$1,308,806

- Since its inception, over \$14.7 million dollars were expended for the Regents’ Service Program.

Figure 7 includes total expenditures for the Regents' Service Program from 2004-05 to 2008-09.

Figure 7.



- Regents' Service Program consistently maintains expenditures over one million dollars each year.

Conclusion

In 2008-09 NSHE disbursed \$405.4 million in financial assistance to students, an increase of 37.3% over five years ago. While the amount disbursed is the largest in NSHE history, much of the increase is due to the expansion of non-need-based student loans. Approximately one third of NSHE students receive some sort of financial assistance. Given the aggressive goals of the NSHE *Master Plan* to ensure access and increasing registration fees, additional financial aid will be a key component to reach those goals. Following are areas of financial aid that will continue to require attention:

- **Impact of Budget Cuts** – As institutions experienced a series of budget cuts over the past few years, it is encouraging that no institution made cuts to financial aid. This demonstrates the commitment to providing much-needed financial support to NSHE students. If additional budget cuts to NSHE institutions occur, it is critical that financial aid programs be preserved. This is especially true as registration fees increase. The recent Board approval of a goal for increased allocations to student aid will help. It establishes target amounts to be achieved by 2022-23, requiring the distribution of at least 10% of the total registration fee to be dedicated to student financial assistance at the community colleges (lower division) and at least 15% of the total registration fee to be dedicated to student financial assistance for all other institutions (including upper-division at the community colleges), net the amounts distributed to other fee categories. In another area affected by budget cuts, the federal government requires that institutions operating Title IV aid programs demonstrate sufficient administrative capability to ensure proper stewardship of government funds and regulations. Budget cuts resulting in reduced staffing and fewer funds for staff training potentially affect each institution's administrative capability.
- **Unmet Need** – NSHE unmet need, the amount of student need not funded by financial aid, totaled \$183.3 million for 2008-09, more than double than the amount for 2007-08. Likely a result of the declining economy and the increasing number of needy students, this continues to present a significant challenge for Nevada to find ways to finance more financial aid.
- **Need-Based Aid** – In a time of growing high school populations and strong growth in lower income populations who are first generation college students, the percentage of financial aid that is need-based is declining. Additional need-based aid is needed.
- **Loans** – Loans make up the largest portion of financial aid to students. This is true nationwide as well as in Nevada. Loans will continue to be one of the primary options for students to cover their cost of attendance, but burdens students with debt after graduation. Loans are particularly burdensome for

those students who do not graduate and therefore carry additional debt without a higher income.

- ***Governor Guinn Millennium Scholarship*** – The declining capture rate of Millennium Scholars is a concern. The buying power of the Millennium Scholarship as currently established will continue to decline over time as fees continue to rise. The key concern today is the viability of this scholarship if state dollars are not available to support it into the future.
- ***Returning Adults*** – As the economy declines and the unemployment rate increases, Nevadans who lose their jobs will turn to higher education in an effort to improve their career options. In 2008-09 NSHE continued to participate in the Lumina-funded project, Non-Traditional No More, looking at systemwide policies and practices that could be improved to help smooth the transition for returning adult students. The resulting changes to Board policy (*Board of Regents Handbook*, Title 4, Chapter 17, Section 15) will help to make budgeting for the cost of education easier for adults. Availability of financial aid for returning adults is a critical need.

The State of Nevada and NSHE must set goals to ensure access to higher education for needy Nevadans. While Nevada shifts away from its status as a low fee and tuition state, in order to preserve access for all students, financial assistance must continue to improve over time. The ability of NSHE to educate Nevada citizens will be very dependent on the creation of more financial aid, especially need-based aid.

Appendix A: Cost of Attendance

Eligibility for need-based financial aid is determined by subtracting Expected Family Contribution (EFC) from the cost of attendance. By law, a federally defined calculation is used to compute the EFC, which is a measure of a family's ability to contribute towards the student's education. Students apply for financial aid by completing the Free Application for Federal Student Aid (FAFSA), a Federal financial aid form. Information from the FAFSA is used in a calculation known as the "federal methodology" to determine the family's EFC.

The formula used to establish the cost of attendance at a college or university includes the following costs incurred by students: tuition and fees; room and board, or living expenses for students who do not contract with the school for room and board; books and supplies; miscellaneous expenses (including a reasonable amount for a personal computer); and a transportation allowance.

Table A.1 below displays the cost of attendance for in-state students attending full-time and living off-campus at Nevada community colleges, state colleges, and universities. Each institution establishes its own figures for cost of attendance.

Table A.1.

NSHE Cost of Attendance
In-State, Full-time Students, Living Off-campus
2008-09

Community College	State College	University
\$14,260	\$19,091	\$21,200

Source: National Center for Education Statistics. Community College figure from Truckee Meadows Community College reported data, State College figure from Nevada State College reported data; and University figures from the University of Nevada, Reno reported data.

Appendix B: Regents Higher Education Opportunity Award

Each NSHE institution has the flexibility to structure their disbursements in Student Access aid as needed for their particular population, provided they follow the 80/20 need-based vs. non-need-based formulary established by the Board of Regents. Listed below are the varieties of approaches offered by each institution regarding awarding of Student Access aid.

UNR

State Funded

Regents' Higher Education Opportunity Awards are initially split 80% need-based and 20% scholarships. The funds are allocated to undergraduate and graduate students based on the percentage breakdown from the prior fall semester.

All need based funds are awarded based on cost of attendance, Expected Family Contribution (EFC) and remaining need. A portion of the state funded funds are used meet the required Federal SEOG matching requirement. These funds are awarded to FSEOG recipients. Students are awarded from the highest need to the lowest need. For 2008-09, \$3,600 was the maximum fall/spring award for full time undergraduate students and \$4,000 for full time graduate students. The awards were prorated for part time enrollment. All graduate funds are used to make need based awards.

The non-need-based funds are used in combination with other dollars to fund the Presidential Scholarship.

Fees Generated

Based on the anticipated revenue the funds are again split 80% need-based and 20% scholarships. The graduate/undergraduate allocations are determined at the time the fees are collected.

All need-based funds are awarded based on cost of attendance, EFC and remaining need. A portion of the funds are earmarked for low income students living in the residence halls to assist with those costs. Students are awarded from the highest need to the lowest need.

For 2008-09, \$3,500 was the maximum fall/spring award for full time undergraduate students and \$4,000 for full time graduate students. The awards were prorated for part time enrollment.

The non-need-based funds are used to fund scholarships for both graduate and undergraduate students. A portion is allocated to fund international students. This allocation is based on percent enrolled the prior fall semester.

UNLV

UNLV awards Regents' Higher Education Opportunity Awards proportionally to graduate and undergraduate students primarily by EFC level. Most of the Regents' Higher Education Opportunity Award funds are utilized as grant awards, followed by employment awards, and finally scholarships. Regents' Higher Education Opportunity Awards are used to meet scholarship matching requirements for the Latin Chamber of Commerce, Hispanic Employment Programs, American Indian Affairs and Gear-Up. Students receive amounts that vary from \$200 to \$8,000 depending upon their level of need, matching requirement, or scholarship award.

NSC

State-funded Regents' Higher Education Opportunity Award funds are awarded based on need to students with a 2.0 or higher GPA, enrolled in half-time, three-quarter-time or full-time enrollment and based on EFC depending on student's residency status. The annual minimum is \$250 and the annual maximum is \$2,000.

CSN

Regents' Higher Education Opportunity Award funds are awarded primarily on a need-basis (students with an EFC less than \$7,000) on a first-come, first-served basis. Attrition dollars are targeted to Nursing, Education, and STEM (Science, Technology, Engineering and Math) majors. Regents' Higher Education Opportunity Award funds are used for Book Vouchers to ensure that needy students can get course materials.

GBC

GBC awards the Regents' Higher Education Opportunity Award to students based primarily on EFC, meaning the most needy students receive first priority. However, if a student comes in and is in desperate need of financial help, if the student qualifies, we will award the Regents' Higher Education Opportunity Award regardless of his or her EFC. GBC does not award to special populations.

TMCC

TMCC awards the Regents' Higher Education Opportunity Award to students with specific EFC ranges that are determined annually in order to assist TMCC's diverse student population. A commitment is also made to provide a percentage of RHEOA funds in the form of work study for the student employment program which supports student retention. On an individual case basis, we may award a student who does not fit our normal guidelines that has unusual or extenuating circumstances.

WNC

WNC awards Regents' Higher Education Opportunity Award funds by lowest EFC and highest need.