

EXECUTIVE SUMMARY

ACTION ITEM: ANNUAL FY 2005 STUDENT FINANCIAL AID REPORT AND FY 2006 AND FY 2007 FINANCIAL AID PLANS

ISSUE: The Student Financial Aid Report and Plans are prepared annually for the Board's review and consideration. The Board is asked to review and approve the universities' report and plans for financial aid.

BACKGROUND

- Annually, the three state universities provide information to the Board regarding the distribution of financial aid.
- The Financial Aid Report addresses the amount of financial aid from the previous academic year. The Financial Aid Plans, as prescribed by Board Policy 4-300.C.1, provide estimates of financial aid for the current and subsequent fiscal year, including the number and value of scholarships and cash awards; their distribution among resident and nonresidents, needy and meritorious recipients, undergraduates and graduates; and gross and net tuition revenue.
- The Financial Aid Report and the Financial Plans have previously been presented separately at different Board meetings. This is the first time both reports are provided in a single format and have been combined in an effort to provide a more comprehensive overview of student financial aid.
- Of the resident undergraduate Board-approved aid, at least 50% must be awarded to students who have a demonstrated financial need; and at least 30% must be awarded to students on the basis of merit.
- In March 2003, as part of the Changing Directions initiative, the Board approved a policy change (4-309) to increase the tuition collection set-aside for need-based aid from 8% at Arizona State University and the University of Arizona, and 9% at Northern Arizona University to 14% for all three institutions.
- In January 2005, the Financial Aid report was presented in a new format using the Common Data Set (CDS). The Common Data Set (CDS) initiative is a national collaborative effort among data providers in the higher education community and publishers as represented by the College Board, Thomson Peterson's, and U.S. News & World Report.

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- The goal of this collaboration was to improve the quality and accuracy of information provided to all involved in a student's transition into higher education. This goal is attained by the development of clear, standard data items and definitions in order to determine a specific cohort relevant to each item.
- In 2005, University Financial Aid was one of four state program areas undergoing a Strategic Program Area Review (SPAR). The SPAR provides an opportunity for the Governor and Legislature to evaluate the effectiveness and efficiency of state government programs. As a result of this review, recommendations were made to the universities and several improvements and additions to the Financial Aid Report and Plans are being made.

DISCUSSION

- In 2004-2005, total financial aid in the university system amounted to \$791.7 million, an increase of \$72.7 million or 10.1 percent over last year's level. The average amount of undergraduate debt has decreased slightly (\$180 or 1.1%) during the past year from \$17,061 to \$16,881. Meanwhile, the average amount of graduate debt has fallen .9% from \$32,672 in 2003-04 to \$32,386 in 2004-05.
- The FY 2005 Student Financial Aid Report which includes the FY 2006 and FY 2007 Financial Aid Plans are attached.

RECOMMENDATION

That the Board review and approve the Student Financial Aid Report and Plans as presented in this Executive Summary and companion document.