

The Importance of Federal Financial Aid in Arizona:

How the FAFSA Unlocks Millions of Dollars in Grants and Loans for Students and Families



Increasing college access and attainment is among the most important efforts that Arizona can undertake to secure the future of our state. In addition to empowering more students and families with greater economic stability and mobility, increased college attainment is a powerful driver of economic growth at the state level. If Arizona were to increase its attainment rate to equal the national average, for example, we would add \$6.4 billion dollars to the state economy over the lifetime of each annual cohort of students.¹ Increasing the number of students and families that complete the FAFSA (Free Application for Federal Student Aid) is essential to increasing attainment.

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AND

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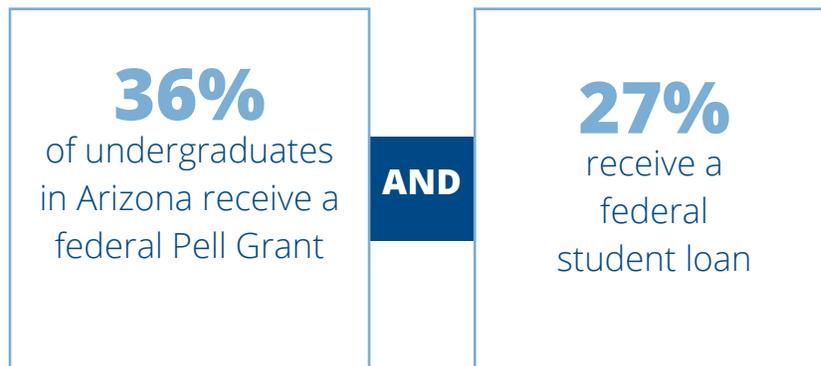
Empowering more students and families in Arizona—especially those in low-income households—to complete the FAFSA enables them to access federal financial aid through the Pell Grant program, as well as other grant aid and loan programs. Access to federal financial aid helps to increase college access, affordability, and attainment in our state. It also has the potential to bring millions of additional dollars into our state economy.

This is why the Arizona FAFSA Challenge—supported by Governor Ducey and numerous partner organizations, with a goal of increasing FAFSA completion in 2019 from 43 to 50 percent—is so important.² If Arizona meets its FAFSA Challenge goal, \$250 million more in federal financial aid could come to Arizona over the course of the academic careers of students who receive aid. Higher FAFSA completion rates represent a win-win-win for students, families, and the state as a whole.

Federal Financial Aid Has a Major Impact on College-Going and the Economy in Arizona

For Arizona to increase attainment, it will be essential to help more students access the financial aid that they need to afford college. Relatively few students in Arizona are able to pay the full “sticker” price for a college education, even though institutions of higher education in the state prioritize efforts to keep college affordable. In 2018, a combined 94.5 percent of students at Arizona State University, Northern Arizona University, and University of Arizona received some sort of financial aid.³

Federal financial aid plays a crucial role in helping students in Arizona to afford college. Across all public institutions in the state, federal Pell Grants and loans account for 62 percent of the financial aid distributed.⁴



Beyond the obvious impact federal financial aid has for students looking for ways to afford college, another way to assess the importance of federal aid to Arizona is to look at how much money it injects into the state annually. In 2017, for example, the federal government distributed \$540.1 million in grant aid to college students in Arizona. Loans distributed through federal financial aid programs to students in Arizona amounted to \$1.62 billion.⁵

Together, federal grant aid and loans added more than \$2.16 billion to Arizona’s higher education system and economy in 2017.⁶ This influx of money is all the more significant when considered in the context of Arizona’s decreased funding for higher education. Between 2008 and 2017, state and local funding for higher education in Arizona decreased by more than 41 percent per full-time student.⁷

What is the FAFSA?

FAFSA stands for Free Application for Federal Student Aid. It enables students and families to apply for federal student aid, such as grants, work-study, and loans. Together, these types of federal student aid amount to the largest source of financial aid available to help students pay for college. Additionally, many states and colleges use the FAFSA to determine eligibility for state and institutional aid. To learn more, visit: fafsa.gov

Increasing FAFSA Completion Rates Helps Arizona Students and the Economy

Completing the FAFSA is one of the most important steps that students and their families can take toward being able to afford a college education. The FAFSA is the key that unlocks the door to all types of federal financial aid, the largest source of aid available.

Federal financial aid is especially important when it comes to increasing college affordability for low income students and families. Arizona does not have a comprehensive state-sponsored need-based grant aid program, unlike many other conservative states, such as Texas and Tennessee. In the absence of such a program, students primarily depend on the federal government, or higher education institutions themselves, to provide the need-based grants that can help put a college education within financial reach. In 2017, the average award for the 146,600 students in Arizona who received federal grant aid was \$3,684. The combined average of the federal grant and loan aid that each recipient student in Arizona received in 2017 amounted to \$9,831.⁸

While individual students and families benefit significantly from completing the FAFSA, the benefits of increased FAFSA completion are also important to consider at the state level. Last year, 43 percent of high school seniors in Arizona completed the FAFSA. If Arizona reaches 50 percent FAFSA completion in 2019, students could together receive \$64 million more in federal financial aid for their first year of college, and more than \$250 million more over the course of their academic careers. This makes FAFSA completion, and the federal financial aid it unlocks, an important factor in our state economy.

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\$60,000
per year, the
average federal
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16%.

Pell Grants Make College More Affordable for Low-Income Students

The Pell Grant program awards grant aid to undergraduate students who demonstrate exceptional financial need. Pell Grants represent a source of free money to help students afford college. Grant award amounts depend on a number of factors, including:

- A student's expected family contribution, an index calculated to determine how much financial aid that student is eligible to receive
- The cost of attendance for a specific institution and program of study
- Full-time or part-time enrollment status
- A student's plans to attend for a full academic year, or less

For the 2018-19 academic year, the maximum Pell Grant award is \$6,095.⁹

The Pell Grant program is a major source of need-based grant aid for students in Arizona. Statewide, 36 percent of undergraduate students receive a Pell Grant; in 2017, students enrolled at colleges and universities in Arizona received \$420 million in Pell Grants from the federal government. In 2018, the Pell Grant program provided \$233.6 million to students attending Arizona State University, Northern Arizona University, and University of Arizona.¹⁰ For all public institutions in Arizona, Pell Grants alone account for 26 percent of financial aid distributed.¹¹

Sources

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- 3 Arizona Board of Regents. (2018). 2018 Financial Aid Report. Author.
- 4 Gibney, T.T. (2018). Financial Aid from Entry to Completion: How States are Using Financial Aid Policy to Promote College Access, Degree Completion, and Opportunities for Underserved Students. Helios Education Foundation.
- 5 Office of Federal Student Aid. Title IV Program Volume Reports, 2016-2017 Disbursements by Location. U.S. Department of Education. <https://studentaid.ed.gov/sa/about/data-center/student/title-iv>
- 6 Ibid.
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- 8 Office of Federal Student Aid. Title IV Program Volume Reports. Op cit.
- 9 Office of Federal Student Aid. Federal Pell Grants. U.S. Department of Education. <https://studentaid.ed.gov/sa/types/grants-scholarships/pell>
- 10 Arizona Board of Regents. (2018). Op cit.
- 11 Gibney, T.T. (2018). Op cit.

About College Success Arizona

College Success Arizona is working to significantly increase the postsecondary attainment rate of students in Arizona, particularly for those who otherwise would not be able to attend or graduate. By doing so, we believe that we will improve the quality of life not just for those individuals and their families but also for the state as a whole. For more information, please visit: collegesuccessarizona.org

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